

CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE JEAN-PAUL DESCHATELETS, P.C.

SPEAKER

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THE SENATE

Tuesday, April 20, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

POVERTY COMMITTEE

RESIGNATIONS OF PROFESSIONAL STAFF

Hon. David A. Croll: Honourable senators, recent developments concerning the Special Senate Committee on Poverty, of which no doubt you are aware, make it necessary for me as chairman to give some facts concerning what has transpired.

Four members of the staff of the committee resigned on Monday, April 5. Mr. Ian Adams, who joined the staff on November 1, 1970, is a professional writer who has published a book on poverty. Mr. William Cameron, who joined the staff on December 14, 1970, is a professional journalist. Mr. Peter Penz, who joined the committee when it was first organized, is an economist who was seconded from the Department of Manpower. Mr. Brian Hill, also an economist, joined the staff on December 1, 1969. All are competent in their fields of endeavour.

On March 9 the first partial draft of a portion of the committee report became available. Senator Edgar Fournier was ill and I asked Senator Carter to act as vice-chairman for the purpose of studying the document. He and I each independently studied it from Wednesday to Monday. We then compared our notes and spent a day re-studying the same draft. We agreed on changes that we felt had to be made before presentation to the whole committee.

I then met with all the members of the writing staff, the research staff and administration staff of the committee and spent considerable time outlining the changes that we thought had to be made and asked that the document be redrafted setting out our thinking.

The second partial draft was in my hands on March 29. Again the same routine was followed. Senator Carter and I re-studied it. We agreed the second draft was still unsatisfactory.

Meetings were then held with Ian Adams, Fred Joyce the Director, Senator Carter and myself, and we thoroughly examined and studied the revised draft document page by page. In fact, every page was read in the presence of the four of us. This took about two and a half days and we were about three-quarters finished when we adjourned to meet again on Monday, April 5.

On Monday morning, April 5, Mr. Adams said he was not prepared to proceed any further, that he had lost confidence in the committee and was tendering his resignation.

Later it became obvious that the decision had been agreed on by these four members of the staff. Mr. William Cameron, who had been brought in on Mr. Adams' recommendations to assist him, also resigned, as did Mr. Peter Penz and Mr. Brian Hill.

All this happened on Monday morning, April 5. I immediately convened a meeting of the committee on Monday, April 5, at 4 o'clock and Senator Carter and I explained the situation to the members of the committee. The members were quite determined that the report had to be the committee's report and that the committee would be the sole judge of what it would contain. That position has been maintained.

It became clear that the resignations had been planned to bring pressure to bear upon the committee. Earlier Mr. Adams had advised me that the second portion of the draft report was already under way and would be available the first week in April. It was not available and, as it turned out, he had not even started to draft it. It appears now that he did not intend to finish the work he undertook until his views prevailed and he was given his own way.

A committee report must be politically realistic, politics being defined as "the art of the possible." The recommendations of the committee's report must also be capable of being implemented. Although these men are competent within their own discipline, they are not "with it" in a realistic sense.

In all the circumstances, considering the over-publicized appearance on TV, the spoken words on the radio and the press conference, it becomes important to the Senate now and in the future that the terms of employment under which these men work should be placed before the Senate. These are the terms of employment, the conditions under which they were engaged. This is the document to which each subscribed, and I quote:

> It is understood and agreed that this agreement is a contract for the performance of a service and that the contractor is engaged as an independent contractor providing services to the Senate of Canada and is not engaged as an employee of the Senate of Canada.
>
> The Contractor shall treat as confidential, during as well as after the rendering of the services contracted for, any information of a character confidential to the affairs of the Senate of Canada to which he becomes privy as a result of his acting as a Contractor.

I quote now from May, 17th edition, at page 652:

> It is a breach of privilege for any person to publish any portion of the evidence given before, or any document presented to, a Select Committee before such evidence or document has been reported to the House.

All resource and research material which was gathered by the committee staff at considerable expense to the committee was made available to them. The rights to

that material and research is vested in the committee. The taxpayer has paid for it. It is the property of the committee. The use of any of the material in any form, directly or indirectly, without express permission of the committee would be a grave misuse of privileged and confidential documents. The draft reports of committees and the documentation have long been regarded as highly privileged and indeed sacrosanct prior to their release to the Senate itself. I can only say to honourable senators that I regret what has happened, but it is one of the risks of putting together an ad hoc staff on very short notice.

Utopian reports are nice to read, but they are usually sent to a subterranean vault, indexed, microfilmed and filed, unheeded and unneeded. The report which must be submitted by the Special Senate Committee on Poverty cannot be destined for that Valhalla. The committee will buckle down even harder to complete its report. Unfortunately, because some momentum has been lost, there will be an inevitable delay. I am hopeful that the momentum will be quickly regained. I can assure the Senate that the delay will be minimal.

Hon. Jacques Flynn: Honourable senators, I am not rising to discuss the contents of the report which will eventually be made. I wish to associate myself with some of the principles submitted by Senator Croll. The report of a select committee of the Senate is the report of that committee and not of those whose services are hired to assist it. This is a very important question and in due course should be referred to the Senate Standing Committee on Standing Rules and Orders to determine whether it is necessary to be more precise in the wording of contracts used in the hiring of staff for Senate committees. We must be specific with respect to the responsibilities of the committee and of its staff. In the event that those who have resigned are in breach of the rules of the Senate or of Parliament, this matter should be investigated.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of text, dated April 7, 1971, of the Joint Canada-U.S.A. reference to the International Joint Commission respecting the Skagit River.

Report relating to the administration of the Farmers' Creditors Arrangement Act for the fiscal year ended March 31, 1971, pursuant to section 41(2) of the said Act, chapter 111, R.S.C., 1952.

Copies of twenty-one contracts between the Government of Canada and municipalities in Alberta, British Columbia and Manitoba for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter 54, Statutes of Canada, 1959. (English text).

Copies of letters, dated March 16, and April 2, 1971, exchanged between the Office of the Prime Minister of Canada and Professor J. B. Rudnyckyj, Commissioner, with respect to supplemental recommendations to the Report of the Royal Commission on Bilingualism and Biculturalism. (English text).

Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1972, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952 (English and French texts), together with copy of Order in Council P.C. 1971-527, dated March 18, 1971, approving same. (English text).

Report on the operation of the Regional Development Incentives Act and on "Special Area" incentives for the month of March 1971, pursuant to section 16 of the said Act, chapter 56, Statutes of Canada, 1968-69.

Copies of Report of the Atlantic Development Council submitted to the Minister of Regional Economic Expansion under date of January 22, 1971, entitled "A Strategy for the Economic Development of the Atlantic Region, 1971-1981."

Revised Statues of Canada, 1970, Volumes 1 to 7 inclusive, and First Supplement, together with copy of document outlining the history and background of the Statute Revision Commission and copy of a letter transmitting the said Statutes to His Excellency the Governor General of Canada.

REVISED STATUTES OF CANADA, 1970

Hon. Mr. Martin: Honourable senators, the Revised Statutes of Canada, 1970, which I have tabled this evening, constitutes the fifth revision in our history and the fourth to be carried out in this century. Our federal statutes were last revised in 1952. Since that time we have added twenty volumes of statutes to the six that constituted the revision completed in 1952.

Yesterday my colleague the Minister of Justice tabled these eight volumes in the other place, representing current federal statutes enacted by Parliament up to October 7, 1970. Two additional volumes will bring the set up to date and complete it.

This event concludes the labours of over one hundred individuals working at the direction of the Statute Revision Commission. The revision will not come into force until after proclamation by order in council.

The physical preparation of this revision has involved interesting data processing and photo composition techniques, enabling the work to be organized much more efficiently and easily reproduced in both languages. This use of computers has provided us with a unique information retrieval system, and will facilitate the preparation of subsequent statutory revisions via the use of machine-readable magnetic tape.

Distribution will commence in May. When that has been completed, proclamation will take place. The completed bilingual text of ten volumes represents an important milestone in Canadian statutory history. It gives me much satisfaction, on behalf of the Government, to congratulate the members of the Statute Revision Commission on the successful conclusion of their monumental undertaking.

Hon. Jacques Flynn: Honourable senators, I am very happy that at last we have these Revised Statutes of Canada. It is about time that we do not have to go through twenty volumes to find out the present law.

PROVINCE OF NEW BRUNSWICK

POPULATION AND FARM STATISTICS FOR KENT COUNTY—INQUIRY ANSWERED

Hon. Hervé J. Michaud inquired of the Government, pursuant to notice:

1. What was the population of Kent County, New Brunswick, in the years 1871, 1881, 1891, 1901, 1911, 1921, 1931, 1941, 1951, 1961 and 1966; and what was the latest estimated population for that County?

2. What was the total acreage in farms (woodlots included) and the total acreage in cleared, improved farmland (pasture included) in the said County for the years 1901, 1911, 1921, 1931, 1941, 1951, 1961 and 1966?

3. What was the total number of commercial farm operators in Kent County in the years 1931, 1941, 1951, 1961 and 1966?

Hon. Paul Martin: Answered.

(*The answer follows.*)

The Dominion Bureau of Statistics reports that:

1. Population of Kent County, New Brunswick for the following years:

1871	19,101	1941	25,817
1881	22,618	1951	26,767
1891	23,845	1961	26,667
1901	23,958	1966	24,736
1911	24,376	1967	24,716 (estimate)
1921	23,916	1968	23,360 (estimate)
1931	23,478	1969	23,007 (estimate)

2. Total acreage in farms, and in improved farmland for Kent County, New Brunswick for the following years:

Year	Total acreage in farms (including farm woodlots)	Total acreage of improved farmland (including improved pasture)
1901	338,625	112,087
1911	344,736	112,258
1921	321,201	112,289
1931	309,111	111,468
1941	319,371	110,348
1951	267,334	91,027
1961	178,187	63,108
1966	138,097	50,668

3. Total Number of Operators of Commercial Farms (with sales of $2,500 and over) in Kent County, New Brunswick for the following years:

Year	Number of Operators of Commercial Farms (sales of $2,500 & over)
1931	not available
1941	not available
1951	158
1961	112
1966	143

[Hon. Mr. Flynn.]

FORT-FALLS BRIDGE AUTHORITY BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, April 7, the adjourned debate on the motion of Hon. Mr. Benidickson for the second reading of Bill S-14, respecting the construction of an international highway bridge between Fort Frances, Ontario and International Falls, Minnesota.

Hon. Allister Grosart: Honourable senators, while speaking to this bill in an earlier occasion I asked a number of questions. The honourable sponsor, Senator Benidickson, has been good enough to assure me that he will give full answers to those questions during the debate. Therefore, I have no further comment at this time.

On motion of Hon. Mr. Benidickson, debate adjourned.

TEXTILE AND CLOTHING BOARD BILL

SECOND READING—DEBATE ADJOURNED

The Senate resumed from Wednesday, April 7, the adjourned debate on the motion of Hon. Mr. Cook for the second reading of Bill C-215, to establish the Textile and Clothing Board and to make certain amendments to other Acts in consequence thereof.

Hon. Fred M. Blois: Honourable senators, first of all I should like to compliment Senator Cook, the sponsor of this bill, on his very fine explanation. His explanation in general, and the figures he quoted in support of it in particular, will afford us the opportunity of discussing this matter much more thoroughly than would have been the case had he not given us such a lucid account.

I support the bill in general principle, but there are a number of clauses that I should like to have clarified when the bill goes to committee. In my opinion, some slight changes to certain of the clauses of this measure would be of benefit to the act itself, but it is not necessary to bring them to your attention this evening because we shall have a much better chance to consider them when the bill goes before the committee.

This is a very important bill. Not only is it important to the textile and clothing industry, it is important to the importers and exporters of those commodities, as well as to consumers themselves.

According to the law of the land, people are not allowed to go round in public in the nude. Nevertheless, when we visit some of the bathing beaches in various parts of Canada in summer, we tend to wonder if some people are not very close to breaking the law; not that I personally object, because I have enjoyed some of these sights myself.

Hon. Mr. Beaubien: So long as they are young, it is all right.

Hon. Mr. Blois: The textile and clothing industry has an important place in the economy of our country, catering as it does to some 22 million Canadians. Apart from that, of course, there are many thousands of people who would be indirectly affected by this bill.

The new Clothing and Textile Board that is to be set up will have a very big job. It is to have authority to look into all matters affecting the importation of goods into Canada, as well as authority to study whether or not Canadian manufacturers of textiles and clothing are conducting their affairs in such a fashion that the people in the industry are protected. I am not so much worried about the industrial manufacturers themselves as I am about the individual people working in the industry who have been affected, and may in future be even more affected, by many of the goods that are imported into this country.

As I say, the board will have a difficult job. It is true that it cannot make any rules. All it can do is suggest to the Government what it thinks would be of importance and help to the industry, the workers, and the economy of Canada. Once the board makes its report, it is then up to the Government to decide what should be done.

Canada is a trading nation. I have said before in this chamber that trade is not a one-way street. If we wish to export goods to other countries we must be willing to allow the importation of goods. But sound judgment must be exercised so that imports do not adversely affect the thousands of workers in the particular industry. The board in its wisdom, in studying these matters, is going to have to consider the international situation. It is going to have to consider the importers, the exporter and, in general, the consumers. Above all, it will have to consider the 200,000 people employed in the textile and clothing industry. As I say, it is a big job, an important job, and one that can have even greater effect on the Canadian economy in future than it has in the past.

In his explanation of the bill Senator Cook quoted a number of helpful figures. He pointed out that about 12 per cent of the total number of people employed in Canada's manufacturing industries are employed in the textile and clothing industry. Senator Cook also said that in the textile and clothing industry there are more female workers than in any other industry in Canada. I believe he said there were almost as many females in that industry as in all other industries combined. Speaking from memory, I think he stated that 75 per cent of the Canadian female workers in the manufacturing industries in Canada were employed in the clothing industry, while 43 per cent were employed in the textile industry. By "textile industry" I mean, of course, the industry concerned with the spinning of yarns, and so on.

Another important item of the textile and clothing industry is that it is spread over most of the provinces of Canada, thereby giving work to a wider section of our people than any other single industry. The textile industry is one that is very often found in smaller communities and towns, and it is very often the mainstay of them.

It is true that there are many types of industry that have settled in or near the large centres such as Montreal, Toronto and Vancouver, but the textile industry embraces a different type of work and it is quite possible that it is more widespread and of greater benefit to the Canadian economy than any other industry in this country.

There was a time when the textile and clothing industry was not considered to be as well looked after as others because we had sweatshops and bad working conditions. In recent years, however, the wages paid in the textile and clothing industry have been good and compare favourably with those paid in any other industry, except where special training or skill is required. The people employed by this industry in Canada are second to none. I have visited many clothing and textile plants in Canada, the United States and other countries and in my opinion the workers in our Canadian plants are equal to if not superior to those elsewhere in similar plants. I think that the Canadian textile industry is growing. We are doing more business in Canada and we are even achieving greater export business. Needless to say the export business has to be in the more highly priced items because we are not able to compete with countries where the wages paid are very low. It is not necessary to name those countries because honourable senators know which countries I speak of.

Some twenty years ago I had the opportunity, along with others, to make an intensive study of the textile industry in Canada. We found that one of the countries exporting large quantities of textile goods to Canada was paying its workers 16 cents an hour while the Canadian rate was $1.07 or $1.10 an hour. The situation has changed considerably since then. Last fall I visited Japan and Hong Kong and endeavoured to ascertain the rates being paid to their textile workers. I was not able to discover the specific rates, but I understand that they are about half what is being paid by the Canadian textile manufacturing industry. I cannot vouch for this; I simply had to take the information given to me and make the best of it.

One of the big problems facing the Textile and Clothing Board will be to decide just how far they can go in making recommendations to the Government. I for one am very much opposed to the idea that there should be some method worked out whereby employees of the textile and clothing industry who are affected by competition from goods imported into Canada should be paid for being laid off work. I think we should try to bring up our Canadian industry to the point where these people could earn this money rather than simply receive it as an outright payment from the taxpayer. The Government should make sure that they have the opportunity to do this. I say this, honourable senators, because this situation could affect not only the 200,000 textile and clothing employees and their families, but indirectly the retail merchants. If these people are not earning money, then they do not have it to spend. Furthermore, it could affect the farmer and the fisherman and, indeed, every segment of the Canadian economy.

I am not saying that the textile industry is more important than any other industry in Canada, but I am saying that it affects more people either directly or indirectly. Therefore I hope this board will be in a position to make recommendations that will be valuable to all Canadians.

Honourable senators, let me go back to the depression years. In the early thirties conditions were very, very bad

in Canada and Canadian manufacturers in general reduced their employment by 32 per cent. As a result, the 1929 level of employment was not regained until the early 1940s. But the textile industry reduced employment by only 8 per cent and had regained the 1929 level by 1934. When war was declared in 1939, Canada was indeed fortunate to have a textile industry and the equipment to supply the sudden demands for the armed forces and for our civilian population. In those days, as I know from my own experience, we supplied the Canadian Forces and the Canadian people and we were also able to supply various items needed by many of our allies. In fact, when the United States came into the war they were not as well equipped to take care of the sudden demands made on their textile industry as we in Canada had been, and we were able to supply a number of articles they needed. I mention this to show the importance of the industry to Canada and to point out that it is not unreasonable to suggest that in these uncertain times a nation is wise to encourage the maintenance of an industry which is capable of transforming itself almost overnight to take care of wartime requirements in addition to those of the civilian population.

In 1939, the textile employees, realizing the country was at war, responded eagerly to the new demands made upon them. They worked willingly in the national interest. Of course, they were paid extra for doing so but the fact remains that they were willing to do whatever they could to gear the industry to wartime demands. In many instances they worked more hours than the law allowed, but since it was wartime it was not too difficult to get permission from the Government to do this.

Honourable senators, there are people who will oppose this bill, and I suppose one cannot blame them for that. You will hear it said, as I have heard, that the Canadian textile and clothing industry is not up to date. This is absolutely wrong. The vast majority of textile and clothing manufacturing plants in Canada are as up to date and have as modern machinery as you will find anywhere in the world. The industry has the know-how and is capable of turning out goods equal to anything that can be produced anywhere, and I say this without fear of successful contradiction.

In making these remarks I am not suggesting that all textile products should be excluded from Canada. There are a number of textile products that can be used, and which in the past were used in Canada, but there are also many items entering this country that can be manufactured here. In many cases such items manufactured here are equal and sometimes superior to those coming in.

I spoke earlier today to a businessman of long experience, who is also a member of the Senate. I suggested that perhaps the quality of the imported fabric itself might be as good as that manufactured here, but the workmanship, the fit, and the finish did not compare. He immediately replied, "I question very much if even the quality of the fabric is equal." He went further and said that on rare occasions he had purchased some of these items, and had reached the conclusion that Canadian manufactured articles in the textile and clothing industry were second to none in the world.

I am referring to a man who has had a good deal of experience in this field, my good friend the honourable senator from Halifax-Dartmouth, Senator Isnor, who has been in the textile business for many years. He and I have many things in common. We have never agreed on politics, but that has been his fault and not mine. All he had to do was to change his party and we could have agreed on that point. However, I was never able to convince him to do that, and I do not think he ever tried to persuade me to change.

It has been said that the textile and clothing industry is over-expanded. Such a view is not correct. It is true that in the last 15 or 20 years the industry has introduced a good deal of new and modern equipment, but even so the capacity of our textile mills has not increased in comparison with the increase in our population over a similar period.

One could say a good deal about the valuable effect that this bill will have on Canada's future economy. As I said earlier, many of these points can be discussed equally well in committee. I do not know to which committee the bill will be referred, but I hope honourable senators will give it serious consideration because I firmly believe that it affects one of our best industries.

I repeat, I am not suggesting that all textile goods should be excluded from Canada. A number of items are useful to our everyday requirements. When I mentioned this to Senator Isnor this afternoon he replied "Name a few of them," and there and then we had a little argument. When the matter is before the committee, I am sure that all honourable senators will reach the conclusion that this industry is worthy of our wholehearted support.

On motion of Hon. Mr. Sparrow, debate adjourned.

STATUS OF WOMEN

REPORT OF ROYAL COMMISSION—DEBATE CONCLUDED

The Senate resumed from Tuesday, March 2, the adjourned debate on the inquiry of Hon. Mrs. Casgrain calling the attention of the Senate to the Report of the Royal Commission on the Status of Women in Canada, dated 28th September 1970, and tabled in the Senate on Tuesday, 8th December 1970.

Hon. Paul Martin: Honourable senators, when the honourable Senator Casgrain was directing our attention to the report of the Royal Commission on the Status of Women she expressed the hope that there would be an extended discussion on it, and that there would be at least an interim statement made on behalf of the Government with regard to it.

I now rise to make a few remarks about the report. I am sure that all honourable senators appreciate the initiative that has been taken by those women senators who have participated in the debate and by other honourable senators who have directed their attention to the findings of this important royal commission.

I am sure we all find that this subject, the status of women, consists of legal muddles, economic injustices, social inequalities and blind prejudice. The more romantic differences between the sexes should be readily apparent and I profoundly hope that such will always be the case. I am sure that most honourable senators share this view.

Regrettably, in speaking on the matter under debate I must address myself to an altogether different world, to a difference existing between the sexes, a difference which has little reference to the charm and warmth of womanhood. The differences to which I refer are those relating to the sad fact that in respect of the sexes this country, and indeed much of the world, continues to be governed by a double standard. It is a standard of conduct, behaviour, opportunity, and responsibility which has been imposed by my sex and which until now has been accepted by the other.

I believe that the signs of the times are clear and that this situation is no longer tolerable. We have gone beyond that point, the debater's point, that women's rights cannot be won without the assumption of greater responsibilities by women. Privilege and responsibility are but two sides of the same coin. Today women seek full and equal participation in the daily round of our society. They seek rights and privileges commensurate with the great responsibilities which so many of them bear so unfairly.

Those of us—and this applies to most of us—who have concerned ourselves with the need for general legal reform in this country have been struck by the particular need for revision of our statutes as they relate to the rights of women. The report of the Royal Commission on the Status of Women, appointed by the Pearson Government, has made numerous recommendations, the purpose of which is to do away with many of the legal restraints which our society has imposed upon women with varying degrees of injustice since time immemorial. They are restraints to which my sex is not subjected.

The royal commission's report has carefully stressed the need to ensure that in carrying out such reforms, especially as they affect the family, care must be taken to see that existing law respecting the responsibilities of the male does not become onerous. The woman must not be given the advantage of new privileges without distributing more evenly responsibilities which ought to be shared between male and female as persons and not as representatives of different and unequal sexes. Personally, I would like to see the gist of these reforms carried through as quickly as possible. I am not happy with the strident and unfeminine tones of Women's Liberation. I believe that the necessity for the removal of discriminatory legislation directed against women from our statute books is self-evident.

A few weeks ago, on the eve—as it turned out—of his own wedding, the Prime Minister of Canada reminded us that in 1928 the Supreme Court of Canada decided that the term "persons" as set forth in the British North America Act with respect to this chamber could not be interpreted to embrace women as well as men.

This, I regret to say, was indeed something about which to be strident. The situation to which the Prime Minister referred has, happily, changed because of a decision of the Judicial Committee of the Privy Council and we have had 11 women, commencing with Cairine Reay Wilson in 1930 and most recently Mrs. Casgrain and Mrs. Heath, responded to a summons to sit in this chamber. We now have five able women senators here. There are, however, numerous other areas of life in our country where the sort of situation that existed in this place over 40 years ago still pertains. Indeed, we might note that in the other place there is today only one woman member of Parliament. There are some of us who recall very vividly the first woman elected to Parliament, Miss Agnes MacPhail, who entered Parliament in 1921 and adorned the other place with her charm and great ability.

There is extensive discrimination against women in such fundamentals as career opportunities, financial rewards, education and broad social responsibility. In addition, women are still expected to tolerate social discrimination in their personal lives.

There is much to be strident about. But we ought also to understand that piecemeal reform is not going to solve the problem or to preserve the tranquillity and civilization provided by the charm and grace of a woman's femininity.

It is not easy to change attitudes that are the result of centuries of practice, however unfair that practice may appear to many of us today. Nonetheless, if we do not accelerate the pace at which we are prepared to carry through our reforms we may expect to see a lot less charm and to endure a protest arising from an awakened sensitivity and a righteous indignation.

Permit me, honourable senators, to illustrate my point by taking one area, that of education. It is only within the life span of some of us in this chamber that women were first permitted to breach the outer defences of the ivory tower and gain the right to receive an undergraduate education in our universities. Today that right is commonplace. I note, however, that it is only relatively recently that women have been permitted to embark in any appreciable numbers on postgraduate programs. One ought to ask why. The answer, in some part, lies in the fact that numerous civilized and cultivated university professors have been reluctant to devote time and energy to encouraging the development of even their most brilliant female students, on the grounds that all too frequently the acquisition of professional training will be wasted. The girl will go off and get married and never exercise her skills and talents in the manner intended.

I well remember a distinguished professor at one of the universities, which I was privileged to attend for the purpose of postgraduate work, who rebelled at the presence of women in his classes and indeed their attendance at the university. Finding women present in the lecture room he invariably commenced his lecture by simply saying "gentlemen".

All too frequently in the past such attitudes have been defensible on the simple basis of looking at the record. We, however, ought to look further and realize that

women have tended not to pursue the careers for which they have been prepared because they go out into a male world where their performance is automatically suspect, and where they are expected to marry, raise a family and do nothing else.

Now we are in a position to do something about this regrettable state of affairs. It was for the purpose of examining this problem that the Government of Canada appointed the Royal Commission on the Status of Women. Women must be given the choice either to pursue a career or to raise a family, or indeed to do both. The Government is alive to the difficulties both of the present situation and to the potential complications of carrying through effective and desired reform. Nonetheless, after the matter has been given due consideration the Government will act.

In this connection, the Report of the Bird Commission is of the greatest value. The Bird Commission is a synonym, of course, for the royal commission because, as we know, the commission was headed by Mrs. Anne Bird. The report contains numerous specific recommendations—

Hon. Mr. Benidickson: Mrs. Florence Bird.

Hon. Mr. Martin: Yes, known as Anne Francis in her journalistic status, and Mrs. Florence Bird in her married capacity.

The report contains numerous specific recommendations to eliminate legal discrimination against women and to change the climate of prejudice and practical difficulties within which a woman must choose either to compete on the basis of an unfair book of rules, or else not to compete at all.

There are 167 separate recommendations which must be considered by every level of government within Canada as well as by private organizations and by business. Indeed, some of the recommendations of the royal commission report specifically relate to matters of housekeeping falling within the jurisdiction of our own chamber. I refer here to recommendations 51 and 52 relating to our practice concerning the appointment of messengers and protective staff, and the practice respecting the appointing of women to senior positions.

In reacting to the royal commission report, the Government has already stated that it is giving priority consideration to its recommendations. The Social Policy Section has been established in the Privy Council Office to oversee the Government's response to the report, and an interdepartmental co-ordinating committee is now at work examining its recommendations for consideration by the Government itself.

The committee comprises the following departments and agencies: the departments of Justice, of the Secretary of State, of the Solicitor General, of Indian Affairs and Northern Development, of National Defence, of National Revenue, of Labour, and of Regional Economic Expansion, as well as the Public Service Commission, the Unemployment Insurance Commission, the Central Mortgage and Housing Corporation, the Dominion Bureau of Statistics, and the Office of the Prime Minister. Other agencies and departments will be asked to sit from time to time as the work of the committee progresses.

This panoply of departments indicates that the Government regards these matters seriously. Indeed, the Speech from the Throne of last autumn anticipated something of what the royal commission report has to say in the areas of unemployment insurance, labour, citizenship, indigenous minorities, women offenders, and family planning. The co-ordinating committee has created working parties to aid it in developing specific recommendations for consideration by cabinet. These working parties are surveying the following areas as they relate to the status of women in Canada: economic life, political and judicial life, educational opportunities, family and community services, and the problems of the disadvantaged.

The Government is also giving consideration to amendments to the Fair Employment Practices Act as they affect women. Bills have been introduced—Bill C-228, an act to amend the Canada Labour Standards Code, and Bill C-229, an act respecting unemployment insurance in Canada. Among other things, the amendment to the Canada Labour Standards Code specifically forbids the maintenance of discriminatory levels of wages as between men and women who are engaged in the same, or substantially the same, form of work.

This bill further provides that all female employees with 12 months or more service shall be entitled to receive up to 17 weeks' leave of absence under the terms of a maternity leave clause. I am sure that this bill will receive the earnest consideration of all honourable senators.

The bill relating to the amendments to the Unemployment Insurance Act extends the foregoing legislation to provide unemployment insurance payments to women during 15 of their 17 weeks' leave of absence under the maternity leave clause of the amendment to the Labour Standards Code.

With respect to citizenship, the Government specifically proposes to abolish discriminatory legislation in this area affecting women.

The minister responsible for housing, speaking recently, has stated that he plans to introduce legislation ensuring that women have equal opportunity in securing mortgages for housing. He has also instructed the Central Mortgage and Housing Corporation to look into the feasibility of following the royal commission's recommendation, that the corporation should make loans available to augment the number of day-care centres in Canada. This is Recommendation 173 of the royal commission report.

The Government itself is encouraging the appointment of qualified women at every level in the public service. Directly and indirectly the Government is looking into the recommendations of the royal commission as they affect areas falling within the jurisdiction of the federal Government, to see what action can or ought to be taken.

Honourable senators, these are some of the concrete steps which the Government has taken to ensure that the report of the Royal Commission on the Status of Women in our country will not be permitted to gather dust. As a

Government we are concerned about the questions raised in the report. The actions which have already been taken indicate the determination to take prompt remedial action in this field.

The debate on the report has been and is one of great significance. The contributions made by Senators Casgrain, Belisle, Fergusson, Quart, Benidickson, Inman, Connolly and Sullivan have reflected the concern of this chamber. I trust that I have been able to impart to you something of the Government's determination to act in respect of the commission's recommendations.

Speaking in this place early in February, our colleague Senator Fergusson concluded:

> Women are not only demanding consideration because they have resented the discrimination from which they have suffered in the past, but they want equal rights to use their potentialities for the betterment of the country and of the world. If they are restricted to subordinate positions, as has happened so often in Canada in the past, they are unable to make the maximum contribution of which they are capable, and the country is poorer because it has not made the best use of all its human resources. Women want—as human beings—to enjoy equal rights and share equal responsibilities with men.

I might add that not only do women want to enjoy equal rights and share equal responsibilities with men, but it is the desire of the Government and, I am sure, of all honourable senators that they should do so. I am confident also that it is the desire of most people in this country.

Senator Fergusson could not have stated the Government's position with respect to the status of women in our society more succinctly than she has in the words which I have quoted. It is my hope that the country will see fit to move with the times and ensure that Canada makes full and equitable use of all the talent at its disposal, and that the graciousness and charm and warmth of women will not have to be sacrificed on the battlefields of a new extremist movement.

Honourable senators, the Bird Commission has reported, and the Government has established the necessary machinery to examine the practicalities of implementing the recommendations of the royal commission as they affect the federal Government. It is our responsibility to give this report the consideration it deserves. I have examined the record and I believe that the first legislative body in Canada to address itself to the consideration and study of this report is the Senate of Canada.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 21, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, April 14, 1971, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952.

HON. MAURICE LAMONTAGNE

FELICITATIONS ON RETURN TO CHAMBER

Hon. Paul Martin: Honourable senators, before we proceed with the Orders of the Day I should like to say to the honourable Senator Lamontagne how happy we are to see him back in the house.

Hon. Senators: Hear, hear.

FORT-FALLS BRIDGE AUTHORITY BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the honourable Senator Benidickson, P.C., seconded by the honourable Senator Paterson, for the second reading of Bill S-14, intituled: "An Act respecting the construction of an international highway bridge between Fort Frances, Ontario, and International Falls, Minnesota".—(Honourable Senator Benidickson, P.C.).

Hon. Paul Martin: Honourable senators, I think it is the intention of Senator Benidickson to let this order stand. He advised me that he is awaiting certain information which he wishes to receive before proceeding.

Order stands.

TEXTILE AND CLOTHING BOARD BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Cook for the second reading of Bill C-215, to establish the Textile and Clothing Board and to make certain amendments to other acts in consequence thereof.

Hon. Herbert O. Sparrow: Honourable senators, I believe that on general principle this bill should be rejected. As a nation of free traders, and I am thinking particularly of western Canada and the Prairie region, Canada has endeavoured throughout its history to work for free trade in all commodities. I say the bill should be rejected on that basis. However, I am not prepared to say that I will reject it, nor that this house should reject it, because there are other factors involved. The survival of Canada, particularly the survival of western Canada, depends on exports. The important commodities that we export from the west are, of course, wheat, pulp, potash and numerous other resources. Trade is a two-way street and we cannot survive unless we have that trade. However, we must face the facts of life as far as our industries in Canada are concerned.

Our standard of living is one of the highest in the world. In the textile industry itself the average wage is $2 per hour. Compare that to our competitors in the textile and clothing industry and you compare figures such as those of Hong Kong, with a wage of 22 cents, Japan, 58 cents, Singapore, 19 cents, South Korea, 15 cents and Taiwan, 20 cents. These differences indicate that of necessity this industry must be protected by some form of tariffs or import restrictions. If there were no such restrictions and imports came into Canada freely we would, of course, see the downfall of the total textile and clothing industry in Canada, with the resultant effect of displacing 200,000 employees directly employed, plus the many other thousands in related industries. This industry employs approximately 12 per cent of the total labour force in manufacturing industries in Canada, which is a high percentage. Therefore, a close look must be taken at all times at restrictions on imports into our country.

The bill states that the board will have three members. I feel this is not sufficient, and I would ask the committee when considering the bill to look closely at the number of representatives on the board. I believe it is very important that each region of Canada have representation on the board. I refer to the Atlantic region, Quebec, Ontario, the Prairies, and British Columbia. I have no particular quarrel with the present appointments or with those persons who no doubt will be appointed under this bill, but they are all central Canadians and it would appear that they represent either the public service or the industrialists of central Canada. With so many millions of dollars involved in import duties that affect all Canadians, I think all of Canada should have representation on the board. We need people on the board who, when a decision is being made, will look at the problems of and the effects on each region of Canada—not only the economic effects but also the social considerations.

When we meet in committee I am sure that this point will be discussed. There will be objection to the establishment of this principle for such a board. No doubt it will be argued that this type of representation does not exist on other boards, such as the Wheat Board and the National Energy Board. However, this is an advisory

board which affects all Canadians—the consumers—whereas boards such as the Wheat Board primarily deal with export rather than the import trade. I do not feel we would set a particular precedent so far as boards are concerned.

If it were decided to have regional representation, the Governor in Council should make the appointments, without reference necessarily to any provincial government involved.

Honourable senators, if we are a free trade nation or endeavouring to reach that stage, it is particularly important for the Prairie region. If trade is a two-way street, we must put all decisions on that basis. Western Canada survives only on the export trade. As our export commodities to Japan total in the neighbourhood of $1,500 million, and as we export to other Pacific Rim countries as well, we must expect that we have to spend heavily on importing from those countries. Under today's system some of our tariffs go up to 50 per cent on imports from those countries.

Recently, there has been a surtax of $2 on shirts. This has had the effect of restricting the balance of trade in the areas in which we do business in the world. It has also increased considerably the cost of living to our consumers. The clothing and textile industry has other protections. There are quota policies, and regional incentives and industrial incentives to protect that industry.

This bill concerns me for another reason. The minister in charge and the government in power may lay the blame for additional restrictive policies on the doorstep of the Textile and Clothing Board, and not take the blame themselves. If this is the purpose in setting up the board, then it is being set up under false pretences. On the other hand, if it really will view the problems of the industry, if it will view the regional differences and keep the consumers' interest at heart at all times, this board will be of value. I would hope that when this board is established it will act in the interests of all Canadians, and to effect that end it must have representation from all of Canada.

It is also stated in the bill that the head office of the board shall be in the national capital region. I am at a loss to know why bills presented to this house should state definitely by legislation that such boards will be located in the national capital. The obvious inference to be drawn from such a statement in a piece of legislation is that the national capital region is the only part of Canada where any board should be located. And if you doubt the logic of that statement, let me point out that of the 50 existing crown corporations and agencies, 46 are located in the national capital region. Surely, if we are going to talk decentralization in Canada the time to do so is when these bills come before this house. Surely the pertinent portion of the bill could say that the head office is to be designated by the Governor in Council, so that it could be decided outside the scope of legislation itself just where the best place would be to locate the head office.

In this particular instance, in my opinion, there is no particular need to locate the board in the national capital region. There are other areas in Canada where the textile industry is of importance and where a head office could quite appropriately be located. In saying that I am not in any way suggesting that the head office should be located in the Prairies or in western Canada. I am simply saying it could be located in one of a number of other areas of Canada. Especially in this age of computers and of telex and of direct line telephones, with the air line services we have, there is no longer the need of having head offices located in the national capital region. At any rate, I certainly think the committee, when it studies this measure, should give this particular part of the bill due consideration.

The textile industry is admittedly a slow-growing industry which is not in particularly good condition at the present time, but by no means has it been the slowest-growing industry in this country. Between 1964 and 1969 employment in the textile industry has gone up 4 per cent. Compared to that, employment in the agricultural industry has gone down 30 per cent. Agricultural output has been increased by 31 per cent. Compared to that, the output in all other industries has increased only 21 per cent. The per person output in agriculture has increased 67 per cent whereas in other industries it has increased by only 27.5 per cent.

Have we as Canadians looked at and compared all industries when we consider legislation to protect one particular industry?

We have for years protected Canadian industries under tariffs, import restrictions, surtaxes and agreements, and it would appear to me that this bill is designed to give even greater protection to the particular industry with which it deals. But in the interval and particularly at this time we have little or no protection for the most important industry in western Canada and, indeed, one of the most important industries of our country, namely agriculture. Agriculture deals internationally. It is difficult, of course, to have regulations on exports, but if the citizens and consumers of Canada pay a fair and reasonable price for their other products, particularly textile and clothing products, then surely the Canadian people should be and would be prepared to pay a fair price for agricultural commodities consumed in their own country.

Agriculture in the last short while has taken a back seat to our other industries. The drop in the exchange rate reduced the net farm income to the agricultural community by 25 per cent, while the drop in the international wheat agreement cost the industry 20 per cent. Meanwhile, costs of production over the last three years have increased by 21 per cent. It is hard to understand and equally hard to explain to these primary producers why there should be a surcharge of $2 on a shirt. If this board is only a stepping-stone in the formulation of a policy of protection for other industries—and I am sure the shoe industry and other industries will very shortly be at the Government's door asking for similar types of review board—then I think such a review board in looking at other industries in Canada should certainly not forget the industry that is so important to our primary producers of the west. If we are prepared to pay up to 50 per cent import duties plus surtax on products other than

agricultural products, then would it be too much to ask for a reasonable two-price system for our own agricultural products? If you talk of $2 on a shirt, could we not talk of $1 on a bushel of wheat, which in turn would mean an extra two cents on the price of a loaf of bread? I am sure this is not too much to ask the people of Canada to pay towards the support of our very important agricultural industry. By doing this we would not be solving all the financial problems, but it would mean an increase of $60 million to $70 million to the coffers of the industry.

In conclusion, let me point out that I consider it to be very important that this board should have regional representation. Let me add that when other boards are being set up, either under this or a similar bill, the primary producers of our country should be considered.

I hope that these arguments will be kept in mind when this bill goes to committee, and when important discussions on tariffs, surtaxes and duties take place in the future.

Hon. Mr. Benidickson: Honourable senators, I move the adjournment of the debate.

Hon. Mr. Martin: Honourable senators, may I point out to Senator Benidickson that the chairman of the appropriate committee has made arrangements for the committee to meet on Wednesday morning next. I mention this because the minister is out of the country at the moment, and following next Wednesday he will likely be out of the country on Government business. In view of this situation it was hoped that we could get this bill to committee for consideration on Wednesday next. However, if we leave further debate on the bill until Tuesday night, there is a danger that it might not receive second reading in time for committee consideration on Wednesday. I am aware that Senator Benidickson has strong views on the subject matter of this bill. I wonder if perhaps he could express these views in committee and as well on the third reading of the bill.

Hon. Mr. Benidickson: Honourable senators, I spoke to the Leader of the Government on this matter a few moments ago. I told him I was not sure that I would be in a position to speak tomorrow. However, when this item appears on our agenda tomorrow I shall have the option of speaking or not speaking.

Hon. Mr. Martin: That is satisfactory.

Hon. Mr. Grosart: Honourable senators, before the motion for adjournment is put, Senator Benidickson has informed the house that he has the option of speaking or not speaking to close the debate on second reading of the bill tomorrow. This, of course, comes within our rules.

Hon. Mr. Benidickson: It could go on until Tuesday night.

Hon. Mr. Grosart: I was not controverting the statement made by Senator Benidickson, with which I am in complete agreement, but I would hope that there would be no suggestion that this bill should go to committee before Senator Benidickson has the opportunity of fulfilling an undertaking he gave me that he will answer certain questions before this bill goes to committee.

Hon. Mr. Benidickson: Those questions arise out of a different bill, senator.

On motion of Hon. Mr. Benidickson, debate adjourned.

PRESS REPORT—QUESTION

Hon. Allister Grosart: Honourable senators, may I ask leave of honourable senators to revert to questions? The reason I ask for that leave, which is rather unusual at this point in our proceedings, is that a matter has come to my attention which involves perhaps the privilege of the whole house. I believe that an early answer would be of some importance to the Senate.

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

Hon. Mr. Grosart: Honourable senators, my question arises out of a report concerning a bill which is currently before the chamber. I seek the indulgence of the house to make a few brief remarks to explain the purpose of my question, as this is a matter which involves the whole house.

The bill to which I refer is C-215 on which comment has just been made. It is called an Act to establish the Textile and Clothing Board and to make certain amendments, and so on. The short title is the Textile and Clothing Board Act. Clause 3(1) reads:

> There shall be a Board to be called the Textile and Clothing Board,

My question arises from a report concerning the progress of this bill through Parliament which appeared yesterday, April 20, in the business section of the Toronto *Globe and Mail*. The report reads in part as follows:

> The Textile and Clothing Board, for which legislation has passed third reading in the Commons, is seen as recognition by the Government of the depressed state of the industry.
>
> The board, although not legally constituted until the legislation has passed the Senate, has been operating by order in council and has already held two hearings—one on cotton and cotton-blend yarns, the other on the shirt industry. Following complaints of injury from imports in these sectors, the board has made recommendations to the Government based on its findings.

On the surface that statement would appear to infringe on the authority of the Senate. Normally we would expect that a board established under an act would not be established until the act had received royal assent.

I believe there is an explanation of this. I gave notice of my question to the Government Leader only a few minutes ago. My question is: Will the Leader of the Government assure the house that the board mentioned

in this newspaper report is not the board referred to in the act, and that a board has not been established by order in council pending the decision of Parliament to establish that board?

Hon. Paul Martin: Honourable senators, it is true that Senator Grosart mentioned this matter to me a few moments ago. The answer to the question is found in the speech that Senator Cook made when introducing the bill. He recalled that in November last the Minister for Industry, Trade and Commerce announced the establishment of a Textile and Clothing Board on an interim basis pursuant to section 18 of the Government Organization Act. Therefore, the board set up under that act is not the board contemplated by Clause 3 of this bill.

CONSTITUTIONAL CONFERENCE

THIRD WORKING SESSION HELD AT OTTAWA—DEBATE CONTINUED

The Senate resumed from Thursday, March 11, the adjourned debate on the inquiry of Hon. Mr. Connolly (Ottawa West) calling the attention of the Senate to the Statement of Conclusions of the Third Working Session of the Constitutional Conference, held at Ottawa, 8th and 9th February, 1971, and tabled in the Senate on Thursday, 11th February, 1971.

[*Translation*]

Hon. Paul Desruisseaux: Honourable senators, the Honourable John J. Connolly's speech of March 11 last on the conclusions of the third working session of the Constitutional Conference held at Ottawa on February 8 and 9, 1971, produced a deep impression. I personally realized once more how important Senator Connolly's contributions to Canada and to the Senate have been. This former minister, who was for many years Government Leader in the Senate, possesses a most remarkable legal mind, invaluable experience in constitutional matters and clarity, limpidity of expression, all of which he demonstrated again in that brilliant speech. With less skill, less experience, less directness and unfortunately in a more superficial way, I should like to express some thoughts on certain aspects of the third working session, after taking a bird's-eye view of some of the facts of our history, in order to arrive at a better understanding of their cause-effect influence on our present constitutional endeavours. First of all, I believe the meeting was indeed a most fruitful and constructive one. It was also the occasion of the first breach in that barrier of reticence which has often brought participants in such conferences near despair.

I will briefly mention a few relevant facts of our colourful, albeit turbulent history, which have deeply influenced our political thinking.

In the early days of our country, wars of long duration depleted our energies, arrested our development at its start and ruined our first trade relations with European countries. Furthermore, because of France's decision to give preference to the development of Florida and Brazil, in the hope of finding greater wealth in those regions, we were left in the hands of French development companies. France, our mother country at the time, had abandoned us, and, consequently, our development was limited while that of the English colonies in America was proceeding rapidly.

Before the conquest, we experienced four inter-colonial wars: 1689-97, 1701-13, 1740-48 and 1754-60, plus the so-called Fox War from 1728 to 1734. Thus ended New France on which our settlers had so legitimately based their hopes.

This was also the beginning of a new nation, with a new name "Canada", made up initially of some defeated people, exhausted, abandoned by the mother country, and even deprived of their properties, and concerning which Voltaire, with cynicism, in the midst of mocking from the French royal court, said that this was but the abandonment of a few acres of snow without any value. They were not even concerned with the 60,000 good French settlers that they were leaving there. They even failed to recognize the paper currency, in the amount of £41,000,000, used for New France by the French government. The economic situation in France, made worse by the ruinous prodigality and the scandalous corruption of the French court of the time, allowed but the redemption of a very small fraction of this issue of money. Thus, France has remained, since that time, indebted and bound toward our people of French origin. It is worth reminding ourselves that those were our ancestors at the time of the conquest.

[*English*]

And so when the British took over the country most of them were startled. They had not expected what they saw—a proud, though totally ruined nation but with strongminded, determined citizens.

After the conquest the former French "colons" or the colonials, the Canadians, first came under a 17-year military and unilateral government in which they had no say but for which they had to pay. In 1774 the Canadians were given the Quebec Act, a unilateral offering that gave rights along with the assurance of some protection of their language and religion in accordance with the treaty.

Revolution was then thundering south of the border. Rebellion was breaking out in New England. The decision had been reached to install a freer government here with certain basic freedoms. At last we saw the start of a new prosperity that had been quite unknown up to that time in our country.

Unfortunately, it was a government under an imposed unilateral constitution and it displeased the inhabitants of Canada. To us, so government-minded, it felt like the continuation of a form of autocratic rule by a governor who retained dictatorial powers, and members of a legislative council appointed by him. At the time of the war of the English colonies in America against Britain in 1812, as we know, we were invited directly and indirectly to side with the rebellious Americans.

It is interesting to recall here for instance, that the *Gazette,* founded in 1774 in Montreal by Benjamin Franklin and first published in French, had the mission of

pressuring and stirring us into joining with the Americans in their fight for complete freedom from England. The French colonials, the "colons", refused to join the revolutionary movement, even though France was at that very time openly supporting the rebellious colonies. There has never been a Quebec disloyalty or a failing by Quebecers to this day.

After 17 years under the Quebec Act of 1774 we saw the birth of Upper Canada and Lower Canada, under the Constitutional Act. We became two independent Canadas each, however, under a governor who retained dictatorial powers. The then members of Parliament had only the right to suggest certain laws. At about this time history notes a succession of French constitutions all violently questioned, debated and tried by the people of France who were now constantly speaking of liberty, equality and justice. Then came Napoleon in 1799 with his string of victories in Europe.

May I say here in passing that it has always struck me strangely that the French government, at this very time, was "ridding itself" at a ridiculous price of its interests in the Louisiana and Florida territories.

Thus, in the few years before the birth of Confederation we saw the trying of four constitutions, the secession of the American colonies, an American invasion, the successive declarations of independence of American Latin countries and the abolition of slavery in the south, all of which, as I mentioned before, left their marks on our political thinking. Every nation in which we had an interest was either at war, in revolution, or striving for total independence.

There were basic changes everywhere that invited Canadians to make their own claims. In this light, the troubles of 1838 should scandalize no one. In any event, these troubles could have been avoided by a more practical approach to an earlier, truer and more democratic Canadian Constitution that would have recognized Canada as an associated country rather than as a colony. The political and tactical thinkers of those days made, in my view, costly policy mistakes that are not yet fully rectified. The economic crises of 1815, 1816, 1825, 1836-39, which had created unrest and dissatisfaction, had also left their marks on us.

When the troubles of 1838 became serious, the British Parliament suspended the Constitution of Canada on February 10, 1838. This was to lead to the Union Act of 1840. It created the independence of Upper Canada and the independence of Lower Canada. The legislative union which provided concessions of a federal character towards the French Canadian minority, as it was known, was now to spontaneously function as a federal union. The experience of the union in Canada, which at the beginning was to be unitarian but which later revealed itself as a dual régime requiring a dosage of federalism, made it more easily possible to divide the competences when the preliminary discussions on Confederation took place.

We then came to our present Constitution. It is very far from perfect, but it was then recognized as reasonable. This I would have personally debated if I had been there. It had some flexibility; it did not conflict with individual rights; it took into account the principles and conditions of the treaties that had been made before its enactement; it recognized the presence of the problems caused by the two founding nations; it divided quite equitably, at that time, the powers and fields of activities, even though these were to overlap in too many instances and create the foundation for some of our deep griefs. I honestly believe it should have been more generally democratic, and this could have been at no cost, as the loyalty of the Quebecers had been tested and the loyalty of the others could be assured without doubt.

[*Translation*]

The Canadian Constitution was primarily and to a large extent based on the 72 resolutions drafted in Quebec City in 1864 by the Fathers of Confederation. It provided for the federal union of the three provinces making up British North America, Canada, which included Ontario and Quebec, New Brunswick and Nova Scotia. Section 146 of the act provided for the admission in the Union of the Crown colonies of Prince Edward Island and Newfoundland on the Atlantic coast and of the united colony of British Columbia on the Pacific coast as well as the vast territory of the Hudson Bay Company in the northwest purchased by Canada for £300,000. Nevertheless, our Constitution thus brings together the responsible government system under a cabinet inherited from England and a Canadian adaptation of federalism as it had been practised in the United States for 80 years—the whole under the aegis of our monarchy. In addition to the original act, in accordance with the English concept, there is another part that some consider as more important and which appears, through historic development, under the form of well-established customs and conventions found in the unwritten provisions of the Constitution. The French concept of law does not accept the inclusion of customs in the Constitution. As for conventions, French requirements are that they should always be legally acceptable in order to be added by consent with enough value to bind constitutionally. Thus, there is definitely a basic divergence in the way we see our Constitution, the practices and conventions related to it and on which it is fundamental to agree as soon as possible. To some, the Constitution represents only a restrictive statement of basic laws and rules used to govern Canada. They say it is not comprehensive. Some do not consider it as a satisfying constitutional document. In its widest sense, we consider that the Constitution includes other laws of the United Kingdom such as the Statute of Westminster of 1931 and orders in council, for instance, those which sought to accept various provinces and territories into Confederation.

Contrary to written constitutions of other countries, the British North America Act does not contain any wide provisions on human rights. Even then, it was a shortcoming that was not recognized. The act nevertheless grants a precise constitutional protection regarding the use of the French and English languages and some special guarantees concerning denominational schools covered by treaties at the time of the conquest. I think we should now make greater provision regarding human rights especially to meet the requirements of the French conception of what a constitution should be.

At the present time, fundamental rights such as freedom of speech, freedom of meeting, freedom of religion, freedom of the press, trial before jury, and other similar liberties enjoyed by the individual, are not mentioned in the British North America Act either, as it is said according to the English scheme that fundamental rights rather derive from statute law and the common law heritage. It seems that the guarantee of these great liberties should now be also included and incorporated in our new Constitution. The student of French origin and the protester would more readily see in it, as all of us, greater and more binding guarantee and security on the part of our central Government.

However it must be said at this point that eleven years ago these rights were made more secure and were consolidated by the passing of the Canadian Bill of Rights.

The federal Government has often said that it is alone responsible for the administration of external affairs which constitute an integral part of national policies affecting all Canadians. The policy of the federal Government, which the latter emphasizes on every favourable occasion, shows that within the sphere of its jurisdiction this Government tries to promote the interests of the country as a whole, of all the Canadians from various provinces, within the general national context.

With regard to matters of particular interest to the provinces, the Canadian Government stated, again fairly recently, that its policy, in a spirit of co-operative federalism, is to do everything in its power to help them achieve their own aspirations and chosen objectives. The fact remains that, on occasion, rather serious difficulties crop up because our Constitution is not clear and, recently, we have witnessed unpleasant repercussions of this in the relations between Quebec and France. To be valid, an international agreement with a province should require the approval of the central Government, and the latter should refuse it only in cases where there is a major conflict of opinion. Thus, with regard to signing formal international agreements, federal powers and the general conduct of our foreign policy are necessarily involved, if the agreement or treaty initiated by a province is to be legal and operative. This should be kept at a minimum. I feel that this type of relation rests mainly with the central Government whose duty it is to consider them, taking Canada as a whole into account. To my mind, nothing should be ceded that could diminish or weaken the central Government in this field, because we have, there, one of the very requisites and justifications for the existence of a central state.

An important official publication, authorized by the Minister of Justice in February 1965 under the title *The Amendment of the Constitution of Canada,* sets out the following topics:

a) an outline of the inherent factors in the problem of the constitution;

b) an annotated list of the 14 occasions on which, since 1867, the Parliament of the United Kingdom has amended the British North America Act;

c) a concise account of the continued efforts which were made to work out a satisfactory amendment system for Canada, a subject which was considered on many occasions by the Parliament of Canada, and in a series of conferences and official meetings at the federal-provincial level in 1927, 1935-36, 1950, 1960-61, and 1964 and, more specifically, the text of a draft bill providing for the amendment in Canada of our Constitution, which incorporates the amendment procedure or formula which was unanimously recommended by the conference of attorneys general, and unanimously approved by the conference of premiers in October 1964. This unanimous approval is an indication of the possible scope that our amendments of the Constitution could now take, and ensure their higher flexibility.

Members of the parliamentary committee on the Constitution provided on December 15, 1964, an important outline on many Canadian constitutional problems. This outline is still valid in 1971 in most respects, judging by the evidence given by many participants from my own province in these conferences. Paragraphs C and D read as follows:

(C) The cultural weaknesses of Confederation

1. The texts on the French language are inadequate;

2. The texts on denominational education are not complied with;

3. Federal bureaucratic practice handles Quebec as a colony;

4. Economic practice handles the French-speaking Canadian as a colonial;

5. External policy practice shows only the English aspect of Canada;

6. Practice in the other provinces restricts the mobility of the French-speaking Canadian;

7. Judiciary practice impairs French written law.

(D) The federal weaknesses of Confederation

I quote:

1. It was not agreed upon by all provinces but imposed on several of them;

2. It confers residual powers to the central government instead of to the constituent states;

3. It subordinates the provincial executive to the federal executive;

4. It subordinates the provincial legislative to the federal executive;

5. It subordinates the provincial judiciary to the federal judiciary and executive;

6. It withers and alters the role of the Senate in a confederation;

7. It is inadequate with respect to provincial fiscal powers;

8. It is incomplete because it does not provide for a general declaration of rights to stand against all governments.

After having listed under (E) the basic values of federalism, the statement lists under (F) the significant anti-federalist errors which have been noted and under (G) and (H) indicates the condition for revision procedures

and what should be the contents of a revised Constitution. I merely want to recommend its reading up to the page on constitutional revision to anyone doing research on the matter. This 1964 statement is most useful in establishing the position of each and every one involved and it could advantageously be revived in 1971 in a most constructive manner for all the participants.

[*English*]

The conference in its recent communique agreed that the federal Government and the provinces should proceed as quickly as possible to patriate the Constitution with an appropriate amending formula that would be applicable entirely within Canada. They also agreed to effect other remedial changes as soon as possible. This new approach, in my mind, provides a great breakthrough. Because of it there should now be less chance of a deadlock, and, if it is our wish, it will enable us to have a sovereign Constitution that will fulfil the ideals and the aims of all Canadians.

The formula whereby there can be amendments of concern to Canada as a whole plus one or more but not all provinces appears to me, in the present circumstances, justifiable. I am sure it will open up many interesting avenues where general solutions previously appeared unobtainable.

It is not easy to solve language rights problems where there is a disparate use of more than one language over an immense territory. Honourable Senator Connolly mentioned some important recommendations made in the Bilingual and Bicultural Commission Report on the question of languages. I, too, recently spoke on the language problems in Quebec. My own views are clear. They remain unchanged. They go unreservedly along with the B and B recommendations. Therefore I shall not repeat myself.

Travelling as I do, I am always fascinated by the culture and knowledge that multilingual nations provide to those around them. Such nations have more often than not shown evident general superiority which, I am sure, is a direct result of their added culture and knowledge. Canadians should strive to achieve these very important advantages and these internal peace-builders. To promote the learning of two languages in Canada could never be considered a mistake, either from a social, political or economic point of view. Moreover, now that we have language laboratories that make the studying of any language much easier than in the past, it seems a shame that any Canadian would advocate unilingualism for his sons and daughters—our Canadians—who would then miss the great, universal advantages of bilingualism and the knowledge that two cultures can provide. It would give Canada as a nation a distinct and most usable superiority of culture and knowledge and a relationship to the greater part of the world, and these things would bear their fruit in the many economic advantages that would derive from the greater knowledge of the peoples of all countries.

The United Republic of Soviet Russia comprises 15 republics speaking more than 15 official languages and 92 different dialects. Each republic has at least two official languages of its own as well as Byelo Russian, or the White Russian language, as it is called. I am informed that when they meet together to discuss their problems they use Byelo Russian. Although not everyone is conversant with it, it enables the majority to communicate and understand one another.

An analogous situation exists even in Germany, where there are seven or eight current dialects.

The point is that such multilingualism has not created troubles for these countries, and, in fact, has passed quite unnoticed by foreigners. Furthermore, there are many countries of Europe, Latin America, Asia and Africa where two or more languages are learned and spoken because it is the practical thing to do and has the further advantage of providing additional culture.

We should recognize the true cultural values existing in the world today and realize that the price of learning another language is small indeed for our sons and daughters.

I would suggest to you that to anyone who has travelled the world over it is obvious how much advantage can be derived from a second language. I disagree entirely with the current trend in the Province of Quebec towards unilingualism. Such a trend is destructive and negative and is cultivated mostly by revenge-seekers.

As I have said here on other occasions, I remain deeply concerned about the help unilingualism is receiving even from such an unlikely source as the Quebec authorities. And I say that advisedly because the Government of Quebec has recently announced a policy for French as the working language in industry. That is a negative, retrograde step for Quebecers. Quebec will be hurt economically by its own political stand on that. There is no doubt that the province will be the loser industrially and, even more unfortunately, culturally.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Desruisseaux: I for one will combat with all my strength all such retrograde policies which would limit our culture and knowledge to one language. We should rightfully fear in a young country like Canada any disintegration of mutually advantageous communications between Canadians.

It was agreed at the third session of the conference that the existence and independence of the Supreme Court of Canada should be entrenched in the Constitution. The conference further recognized the importance of provincial participation in the processing of its equitable candidates for appointment to our courts.

I unreservedly approve these suggested amendments. I already have expressed my views on the optional use of languages in the courts and in court procedures. I hope the optional use will be assured in our new Constitution; otherwise, how could we claim that there is equality among us?

The appointment of our judges through such provincial participation in the choice of candidates will constitute, in my view, an important step forward.

So far as I am concerned I believe the formula of provincial participation in the choice of our senators can also be applied in the consideration of candidates for the Senate. In a true federation, in a real and recognized

democracy, the provinces should indeed be a party to the choice of senators who have a duty, for instance, to protect minorities and to defend their rights. The Senate would then, in my view, meet with more general approval everywhere in our modern democratic society.

The Constitution, I agree, will have to include a recognition of the importance of equality of opportunity for all Canadians. It is a basic universal, individual right, and its full recognition should prevent any misconception on the part of our old or our new Canadians. In my view the third session of the conference is indeed right in its suggestion that the preamble should state that one objective of Confederation is the social, economic and cultural development along with the general welfare and equality of opportunity for all, whatever region they may live in. I agree with these high-sounding words, principles and suggestions that in the body of the Constitution there should be such a statement of obligation on all governments, federal and provincial, "to promote the equality of opportunity for all, to ensure that public services of reasonable quality will be available to individual citizens and to promote economic development, which will reduce disparities in the social and economic opportunities of individual Canadians wherever they live."

The voice, the conscience of the nation is speaking here. The conference is thus taking, as is desired, a true humanitarian and just position vis-à-vis the internal relationship of all the constituent members of the Canadian nation. All, to be sure, will want to implement such positive entrenchment in the Constitution and will recognize in it the goal towards a truly just society in words as well as in meaning as the transcendent objective for all its subjects.

The recognition of the importance of the role of intergovernmental consultation and co-operation in the effective working of Canadian federalism, in the mechanism of federal-provincial relations, such as is advocated, would again contribute to better relationships between the individual provinces and the federal Government. This would be a needed revision of our internal relationships that heretofore remained controversial. Many of our common problems, through the role of such intergovernmental exposures, would find quicker and better solutions. It will make the Constitution much more flexible and more operative. I am, of course, in full agreement with these constructive views.

In modernizing the Constitution, there should in my view be a wider and more profound study of our respective taxation systems. For instance, we should discuss and settle the borrowed emergency taxation powers that have now become permanent taxation avenues for the federal Government. Many years ago, in 1918 I believe, the federal Government started to use direct taxation through an emergency loan from the provinces of direct taxation rights belonging up to that time to the provinces. I am informed that this has long since expired. It is one of the powers that the federal Government keeps, as far as I know, against the directive of the Constitution and without an apparent continuing consent on the part of the provinces. It may be that there is now actually a taxing arrangement or a tax policy or even an established precedent, but I am of the opinion that it is not in any instance in agreement with the words of the present Constitution. The necessary amendment is now overdue. If we are to retain in Ottawa the use of this method of taxation, which I believe is presently necessary, then constitutional confirming authority should be incorporated in our charter.

The district of Bedford in the Eastern Townships is now represented in the Senate by the honourable Senator Beaubien. One of his predecessors, the late Honourable Jacob Nicol of Sherbrooke, a former provincial treasurer of the Province of Quebec, a member of the now defunct Legislative Council of Quebec, and at the same time a senator, once declared in this very chamber that when the federal Government borrows taxation powers from provinces because of emergencies and does not return them after the emergencies have passed, as originally agreed, the federal Government in reality is guilty of stealing what does not belong to it. A general clarification and revision of our taxation avenues for municipal, federal and provincial governments will have to be undertaken to clarify a general confusion that has not helped our federal-provincial relationships.

Each one of us has to recognize that when the Constitution was written in 1867 the needs were different, the facilities were different. The population was small and decentralized, and there were fewer participating minorities involved. Transport and communications were not comparable; radio and television, the satellite, and community cables were not in existence. Telephone and telegraph companies did not perform sophisticated duties as sidelines, and computers were not in use and could not dig into the private lives of each of us and store private information concerning all Canadians. Pollution of the air, land and waters had not to be considered provincially, nationally or internationally. The concept of welfare and dole had not replaced personal charities and had not become the octopus it now is. There was no air, bus or freight transport as we now know it. There was no fear of foreign control, and education had not outgrown its britches. But now all these are here and, in the opinion of many Canadians and indeed in my opinion, they are unconstitutionally dealt with in some cases. There is much confusion in many fields that are claimed to be of provincial or federal interest. National patriotism has now become meaningless and void. There should be ways of making the national charter more meaningful, warmer and more universally protective for Canadians.

Economically there are approved basic considerations for justifying constructive changes. Farmers now represent a negligible percentage of the population. Cities have grown immeasurably and the whole educational system with its thousands of school boards should be regionalized, reduced in number, reformed and fully streamlined, first at the level of federal powers to enable the federal Government to have a voice in education, and so on down the line.

Municipalities and provinces must be allocated wider fields of taxation and guaranteed greater administrative powers through the Constitution. Ways of curtailing the

immensity of the Canadian debt that one day must be repaid have to be found, if we do not wish to leave a bankrupt Canada as the heritage of our youth.

I seriously advocate constitutional ceilings of debt in federal, provincial and municipal fields. Debts should be restricted to a per capita basis which cannot legally and constitutionally be exceeded by any government under any normal circumstances, and there must be consideration given to the true value of our changing money base, its deflated or inflated value.

Whether we like it or not within the next five decades it will be necessary to think of Montreal and Toronto as cities with populations of six million or even more, if the computers are correct. These cities—and there are likely to be others equally important—will require more elaborate and more complex administrations with far greater powers for their government and management. We shall have to consider what will have to be done when our rural population becomes less than 10 per cent of the total population.

Honourable senators recently saw the confusion resulting from dislocation of the work of federal, provincial and municipal police. Co-ordination appeared hardly possible because of the rivalry which existed between the forces and the way in which each operated. With the increase in population in decades to follow the whole concept of protective security must be reviewed and redetermined constitutionally. There is now a need for an auxiliary police force to meet unforeseen contingencies, and there will have to be a super-national security force with adequate authority, able to meet the challenges posed by any internal adversaries or enemies of our nation in whatever province those challenges may arise. At present Canada has a most questionable arrangement to ensure the mass protection of its citizens. It is quite remarkable and surprising that up until now we have been able to manage so well and for so long.

I should like to pay homage to the Fathers of Confederation for having given Canada the best governmental structure to be found anywhere. To this day its equal cannot be found elsewhere, and I am always proud to hear our American friends rave about our governmental structure, and refer to its superiority over their own.

Yesterday the media reported that rumours had leaked from the Joint Committee on the Constitution of Canada that a recommendation by at least four of its members would be that the monarchy be dropped from the Canadian Constitution. Statements were made yesterday by certain members that no consideration was at present being given to such a recommendation. Last night the first strong warning was issued against such a move. Personally, I could not care less if we called the Prime Minister Mr. President, as I have heard suggested a few times. It would not change things very much, and it could be an innovation.

However, as I view the world I wonder if prime ministers do not command more respect in their respective countries at the present time than do presidents in theirs. My personal view is that our system of being an associated country, having royal representation, such as exists in Canada, acting on behalf of the Canadian people, has some very high intrinsic value. Canada would lose something important in the actual mechanism of Government. I do not think our system can be replaced by just changing the title of Prime Minister to that of the President. There has never been any embarrassment arising from the existence of our royal representation, but I can see that there would be embarrassment without it.

From my study of the Constitution and in tabulating all that was brought forth as being wrong about it, I have not found the monarchy to be a truly major objection. I would hate to think that we would recommend such changes merely because of the current trend to change generally. There should be adequate major reason for making a basic innovation and we should fully recognize its value to Canada.

I believe, however, that there may be important reasons for streamlining, improving and making our official representation even more useful and helpful to Canada in our non-political relationships with countries all over the world. There is no longer even the semblance of a reason for carrying on such visits with the old-fashioned pomp and fabulous costs that once were a must, a ritual, a kind of necessary protocol to follow. There is no need in a country of 20 million people to send along battleships or ceremonial troops to impress or make known our unbalanced extravagances. I do not believe our royal representatives ever required this. I believe it was the making of someone in authority in our establishment who was still following an undeserved age pattern, and arranging such expensive stage settings in accordance with ancient customs, which I would agree should be completely changed in these days. The royal representatives of the Queen of Canada should not be made to show that they are there beyond our means.

[*Translation*]

We must not content ourselves with a few amendments to the Canadian Constitution merely to elucidate some points. Our history shows that our Constitution has never really worked very well because it is still imperfect. A complete revision of our guiding principles in governmental life and in our federal-provincial relations should be considered in a practical way, if Canada is to remain what it is with all its advantages and if further development and prosperity is to be made possible. On account of the history of our Constitution, of the protest movements that have grown around it, it is important that our new or updated Constitution should meet adequately the desires, ideals and objectives of the participants, if we really want to admit that they are participants. Nothing less, I believe, will really satisfy the particular aspirations of the provinces and their citizens. One can find in the arguments of the separatist movement the bitterest criticisms against our Canadian Constitution, criticisms which find an echo among many excellent citizens working against the separatist movement. Of course, consideration and correction of our unrest are still at the basis of the success of the Canadian constitutional conferences. As for me, I have faith in our continuous Canadian unity and our brilliant Canadian future. I believe in an intelligent consideration of our problems and in reasona-

ble means of solving them. In short, I believe everybody is aware of the need for a strong and a prosperous central government that could always reflect the glory of this nation throughout the world and make our Canadian star shine. I realize that there are not many provinces ready to participate in that to the prejudice of the new aims conceived by their governments in the interest of greater provincial prosperity, which is finally also that of the Canadian nation.

[*English*]

To avoid shocks, I believe revisions of our Constitution should be initiated and its study reactivated every five years, such review to last as long as required for deciding any necessary amendments. The mandatory or obligatory enactment of any approved proposals should then be required to be made a part of the Constitution itself every seven years. This should create an appropriate constant evolution of our constitutional guidelines, and it would avoid strains, even hardships in certain circumstances, on its participating members. It could equally avoid erosion of good communication and understanding between its participating members and evade provocative rigidity and intransigence in our constitutional guidelines.

The work of the Joint Committee of the Senate and the House of Commons on the Constitution of Canada in the last few months should be commended here. Although some have debated the work of such a committee, I believe it is through this committee that Canadians as individuals, as associations, as patriotic, militant organizations, as critics, and as economists are expressing themselves and making known their views and recommendations in their own way. It is the forum of Canadians. To be sure, its great importance in this instance must be underlined, and it is even to some a buffer and a counterpart to provincial or federal governmental establishment representations.

When the committee went to Sherbrooke quite recently a small group, a very small minority of those present before the committee, created some tumult and uneasiness. As a Sherbrooker, I want here to apologize for the behaviour of that turbulent few. They did not represent anyone or any organization, nor did they offer any constructive criticism to the joint committee on the Constitution. They made no contribution to Canada, to their province, to their cause, or the joint committee. Although they had been provided there with a wonderful opportunity to express their constitutional views and their criticism in a constructive way, they refused to take advantage of these facilities to present a positive brief of what they thought their Constitution should be, and limited themselves to insulting, crude remarks and negative approaches to our problems.

Here is how a separatist commentator, using TV channel 7 in Sherbrooke, commented a few days after the disgraceful events, and it shows now how slanted their ways of thinking are:

[*Translation*]

> How could we bring these members of Parliament and senators on this committee to realize that for a number of Quebecers they are six or eight years late? How could we tell those spokesmen for Ottawa that as soon as the first bomb exploded in Montreal they should have come to Quebecers to talk constitution? How could we tell these politicians that when the first separatist movement, the RIN, was born and when a man like Pierre Bourgault emerged, they should have visited all the towns of the province of Quebec, from the smallest to the biggest, to beg Quebecers to rewrite the Constitution? How could we tell them that on a not too distant day, Quebecers will prove to them that instead of buying time they have lost their time in constitutional conferences and that they will never be able to regain this lost time? How could we tell them all this if not by resorting to the means used by several people from Sherbrooke, Monday night last? The highlight of this meeting was undoubtedly that some people in Sherbrooke finally dared to stand up and tell the members and senators on this venerable committee that they are not engaged in amending the Constitution but rather in performing its autopsy. Those people stood up and told the venerable committee that since they had accepted the proclamation of the War Measures Act, they are not trustworthy any more. They stood up and told the members of this venerable committee that all Confederation gave them was simply poverty and unemployment and they do not want to hear any more about it; this denotes a rather rude awakening and awareness, I do not deny it, but it is indispensable if these people want to regain their dignity and their pride as men, as citizens of Sherbrooke, as Quebecers.
>
> Finally, the cool welcome extended to the constitutional committee demonstrated that the times when we confined to the attic our poorer relatives when we had visitors from Ottawa are long gone.

[*English*]

On the present thinking of many Quebecers, here is what Mr. Marcel Faribault, a nationwide recognized constitutional authority, had to say recently:

> It will be difficult to find elsewhere than in Canada a more flagrant and more constant violation of all the principles of federalism. It is why a new Constitution or a deeply modified Constitution must provide a new text and new institutions.

I believe we must see the real challenge to all of us who want to keep Canada intact. I do not believe we should be insincere, or delay unduly the adding of approved amendments to our Constitution. I do not believe we should be afraid of strong, basic, constructive new additions and bold objective approaches, and far-reaching changes for the betterment of our country. Many Canadians have all the wisdom and foresight to give Canada a lasting, equitable and just Constitution.

On motion of Hon. Mr. Manning debate adjourned.

SCIENCE POLICY

CONSIDERATION OF VOLUME I OF REPORT OF SPECIAL COMMITTEE—DEBATE CONCLUDED

The Senate resumed from Thursday, March 25, the adjourned debate on the inquiry of Hon. Mr. Lamontagne, calling the attention of the Senate to Volume I of the Report of the Special Committee of the Senate on Science Policy.

Hon. Maurice Lamontagne: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Lamontagne should speak now instead of the honourable Senator McDonald?

Hon. Senators: Agreed.

Hon. Mr. Lamontagne: Honourable senators, at the very beginning of my remarks I must ask for your indulgence, because I shall have to impose on you another long speech. Unfortunately, I must make it today because I will have no other opportunity in the near future to participate in this debate on Volume I of the Report of the Special Committee of the Senate on Science Policy.

[*Translation*]

Honourable senators, by rising to participate in this debate on Volume I of the report of the Senate Committee on Science Policy, I would like to say first of all how pleased I am to be sitting here again after a lengthy absence due to illness and a convalescence longer than foreseen. Also I would like to most sincerely thank all the honourable senators who were kind enough to get in touch with me either verbally or in writing during my convalescence and who sent me their wishes for a speedy recovery. Finally, I wish to express again all my gratitude to my committee colleagues who, during a long inquiry, did their best to achieve a common objective, and I would like to congratulate particularly those who have made a contribution to this debate. I have, of course, taken due note of the congratulations extended to me but I have, above all, read most carefully the very appropriate remarks made about the nature and the contents of Volume I of our report.

I am sure that one of the first objectives of the Senate in launching this public inquiry into the Canadian science policy was precisely to bring about a debate on this subject and at least to attenuate the many solitudes which existed within our scientific community. I am now in a position to say that this objective has been reached and that, from several testimonies I have received from abroad, a number of countries envy us for having innovated at least in this field. This debate has forced several of our scientists and technologists to develop a political conscience which they did not have previously and a group of parliamentarians to seriously ponder over science, technology and innovation, those phenomena as mysterious as the human spirit and yet which will have a crucial importance on the evolution not only of this country but also of this planet.

[Hon. Mr. Desruisseaux.]

[*English*]

Before the content of Volume I took a precise form, I had serious reservations about publishing it separately and without the committee's recommendations. I have now no hesitation in saying that it was a good idea. I was also afraid that a volume of this kind on such a complex topic and containing no concrete proposals would receive very little attention indeed by the public, whom we were seeking to involve in this collective exercise of reflection and reconstruction. Here again I was pleasantly surprised. I cannot claim, of course, that this volume has received as much publicity as the Senate report on the mass media. In this respect, at least, we were clearly not in the same league.

Our first volume, however, has been widely covered by the media and for this I wish to express the committee's gratitude, especially to Canadian science writers who have done a superb job of reporting and who have successfully met the challenge of a difficult assignment on very short notice. *Science Forum* has devoted almost its entire April issue to the discussion of our report.

The March-April issue of *Canadian Research and Development* has done the same job. ACFAS, the French Canadian association for the advancement of science—and several other learned societies, including those representing the Canadian economists and the Canadian humanists, will also be discussing our report at their annual meetings in May or June.

My colleagues and I have received several hundreds of oral and written communications from individuals and highly representative national organizations. Our scientific and technological community has already held numerous public meetings—and probably more private ones—to review our findings. Thus, the interval between the publication of our critical views on the past and present and the presentation of our recommendations will have served a most useful purpose and will set a more appropriate stage for the major job of reconstruction which still lies ahead.

On the whole, I am very pleased by the reaction caused by our critical findings up to now. I would say that about 90 per cent of that reaction was favourable and strongly supported the themes and the conclusions that we pesented in Volume I. I will not bother you with a long series of quotations to illustrate this statement. I will use only one which, in my view, is typical of that overwhelming favourable reaction. It comes from Dr. Donald S. Scott who is professor of chemical engineering at the University of Waterloo, and it appeared in the April issue of *Science Forum*. Dr. Scott, speaking on behalf of his association, of which he is the vice-president, wrote:

> The Canadian Society for Chemical Engineering considers that the first volume of the Senate Special Committee on Science Policy could be a milestone in the development of a rational approach by the Canadian Government to technological and economic planning. The analysis of the development of science and technology in Canada presented in the report is accurate and the conclusions drawn by the commit-

> tee from the evidence are, in our opinion, beyond dispute. It has been evident to those engaged in technology (as distinct from pure science) that Canada does not have a policy for science and technology, but only a partial and inadequate plan which is largely restricted to pure science. We will not repeat the arguments in support of this conclusion, as they are concisely presented and well documented in the committee's report.

I could, as I said before, give you a long list of similar quotations but they would merely confirm that on the whole the committee's critical analysis has detected the major weaknesses of the present Canadian approach to problems of science, technology and innovation and has clearly demonstrated the need in the future for an overall science policy in Canada.

Since we have been accused of leaving the impression that our country was the only one which had such a need, I shall also quote a letter received recently from the general manager of research and planning of an important Australian company. In this letter he says:

> I am not in the habit of writing to senators, but I agree so entirely with your philosophy of applied research that I feel obliged to write to you.
>
> I control a research organization with approximately six hundred people in this company and for several years have been advocating the theory that applied research can exist without a large involvement in pure research. Resulting from this philosophy we now have a research organization which is innovating strongly and interacting very effectively with production. Our research people, who are both engineers and scientists, draw widely from worldwide pure research in a most effective way. Five years ago when I took this position the majority were interested in pure research. Now they are equally enthusiastic to contribute to this company's activities through applied research, and in general they are happier people from feeling that they are making a real contribution.
>
> I was also interested in your opinions because I am actively involved with the Australian Commonwealth Scientific and Industrial Research Organization. CSIRO tends to be orientated in much the same way as the NRC, and a few of us have been attempting to influence CSIRO towards a new outlook on applied research much as appears to be described in your report. There is no doubt that your report will have a great influence in this matter.

Honourable senators, at this stage I could merely report progress and sit down, for the simple reason that the committee ought to be satisfied to have received such general support for its work and should proceed to complete it along the lines already indicated in Volume I and so widely accepted by interested groups and individuals in Canada. Such a procedure, however, would not be satisfactory to me, because it would ignore the 10 per cent, those who have been critical of the report. It would be contemptuous to ignore these criticisms, which came almost entirely from the pure scientists in universities and the Government sectors, and illogical on my part to do so, since one of our major objectives in launching this operation was precisely to initiate and sustain a debate on this vital and complex issue.

I must say that the tone and the substance of the criticisms have surprised me, especially since they came mainly from pure scientists who are trained in their professional search for truth to be more rational and objective than they have been on this occasion. For instance, we have been accused of being unfair to Dr. Steacie and to have attempted to destroy his reputation. This of course is nonsense!

We have said in our report that he was an "internationally known and greatly respected scientist." I had the great privilege of meeting Dr. Steacie personally and I know that he was also a great humanist. He certainly made an essential contribution in helping to produce in Canada a growing number of pure scientists. These aspects of Dr. Steacie's qualities and services are clearly indicated in our report, and I am sure that Canadians will always be grateful to him for what he did in this respect. However, and unfortunately, no human being is perfect, and our committee, whose main responsibility is to look at the formulation and the organization of science policy, had to examine Dr. Steacie's role as a science administrator and co-ordinator, since he was not only a scientist but also the President of NRC and in that capacity in those years he was directly responsible for the administration of a complex of testing and industrial laboratories. He was *ex-officio* the Government's main advisor on the whole spectrum of science policy, and he was Chairman of the Advisory Panel for Scientific Policy charged with the responsibility for co-ordinating all government scientific activities. But Dr. Steacie did not believe in a specialized training for engineers, he put a low priority on industrial research and development activities and he was against administration and co-ordination. He admitted it himself and we merely quoted his own statements to that effect. According to our information, the advisory panel on co-ordination very seldom met while he was its chairman. As science administrator, advisor and co-ordinator, Dr. Steacie kept the attitudes and the priorities that he had developed as a pure scientist, and what we did as a committee was to conclude that this was the wrong approach to follow for an overall science policy which cannot be limited to the support of fundamental research but which should also respond effectively to economic and social objectives.

I believe—and this is confirmed by many of his former associates—that Dr. Steacie was realistic enough to agree with that conclusion, if he were still living today. Therefore I believe that we have treated Dr. Steacie fairly as the great scientist he was but also as a man who detested administrative directives and co-ordination mechanisms and who feared that the Canadian science effort could be distorted if it became too much involved in practical missions.

A few scientists expressed strong opposition to our report and, surprisingly enough, their reaction was much more emotional than scientific. According to press reports Dr. McTaggart-Cowan, a well-known public servant,

described Volume I as, "wrong, dreary, hopeless and a literary disaster". The Leader of the Official Opposition in the other place could keep this quotation in his files and use it in his comments on the next Speech from the Throne. Perhaps the Leader of the Opposition in this place could do the same.

Hon. Mr. Smith: They originated it.

Hon. Mr. Flynn: It was probably taken from a speech of the Leader of the Opposition in the other place.

Hon. Mr. Lamontagne: I had always been under the impression even at the beginning of my long academic career that scientists did not use such language, at least in public, when talking about a serious matter. Moreover, since I contributed to the writing of the English version of the report, I was sorry to learn that my English style was a disaster. I might decide with my colleagues of the committee to release Volume II only in French. Then Dr. McTaggart-Cowan might accuse me of using "joual" which would at least give me some support in certain separatist circles in Quebec.

Hon. Mr. Flynn: That would be something new.

Hon. Mr. Lamontagne: Some other attacks were made, more moderate in their language but which were also rather sterile and difficult to deal with because they were not accompanied by any real attempt at substantiation. I will mention only three of them just as illustrations, and because they are fairly representative of the vocal minority. They came from Dr. Herzberg, an NRC physicist, Dr. Gunning, a professor of chemistry, and Dr. Reuber, a professor of economics at the University of Western Ontario. Dr. Herzberg of NRC has said that:

> —the senators perhaps do not understand science or scientists and they certainly do not understand how scientists work or how science is organized.

Dr. Gunning, head of the Department of Chemistry at the University of Alberta, expressed the same view in almost similar terms:

> The Senate report falls into all too many parochialisms that scientists associate with the great mass of scientifically illiterate politicians. The present Senate committee undoubtedly knows a great deal about economic theory, but its insight into science and scientists leaves very much to be desired. And, as usual, the void of ignorance is filled with prejudice.

I wonder why these two great scientists did not even bother to appear before the committee. Perhaps their presentation would have contributed to reduce our scientific illiteracy and to fill our void of ignorance, or perhaps what they expect from the illiterate politician is not understanding but more funds.

I would like finally to quote Dr. Grant Reuber, a professor of economics at the University of Western Ontario. He says:

> In several ways, I find (the report) a simplistic and tendentious document. I think that it is somewhat lacking in perspective, that it draws a number of unwarranted conclusions about past performance, that it too uncritically accepts current conventional clichés about science and that it is weak in its analysis.

Professor Reuber, in his capacity as past-president of the Canadian Economics Association, appeared before our committee. I wish he had read again the brief submitted to us by his association and himself before writing these comments about our report. He might have been less olympian and more humble.

I will not dwell on this type of sterile criticism because there was so little of it. I did want to refer to it, however, to show that this is not the way to engage in an intelligent and useful debate on science policy and that those who pursue this line of criticism can do a lot of damage not only to their colleagues but to the cause they are trying to serve. Criticism which appears to be only the reflex response of a vested interest, or the primitive but all too human response of preserving the status quo, and preventing change at all cost, will find little support by a public, which more and more perceives that there are only two alternatives in the face of today's exponentially growing number of problems: change by the organized wit of man, or change eventually wrought by chaos and anarchy.

The criticism brought to bear on the problems of Canadian science policy must be coloured, I believe, by a thoughtful and humble appreciation of the contemporary human predicament, as well as being based on the study of the growing literature concerning science policy. I say this only because if the debate were not to extend in the direction of a thoughtful dialogue, we, as politicians, could use pretty strong and immoderate language too, and this would provoke a serious misunderstanding which would prevent the partnership between the scientist, the engineer, the technologist and the politician, to which we refer in our report as an essential relationship if we want to develop a balanced and dynamic science effort in Canada. As far as I am concerned, as chairman of the committee, I am satisfied that we did not use such language in our report and that we attempted to substantiate to the best of our knowledge our critical analysis.

Before I come to the more serious criticisms which have been made against the report, I should like to comment on another point, raised by Dr. Gunning, and which is basic to the whole discussion on science policy. Dr. Gunning, in his article published in the April issue of *Science Forum,* comments with a sarcastic tone on the distinction made in our report between the search for scientific discovery which we described as being contemplative and passive and the search for new technology which is creative and active.

Dr. Gunning adds with his sarcastic tone, "The foregoing (distinction) is important since it illustrates the level of understanding of science that the committee has acquired after three years of hearings and deliberations." I would be tempted to use the same sarcastic tone and to say that if Dr. Gunning refuses to accept this distinction, he has also a lot to learn yet about the theory of knowledge.

I still maintain what all experts since Aristotle have asserted, that the two intellectual processes leading to a scientific discovery and to a technological innovation are quite different. Moreover, the distinction between the two in my view, and I think in the view of the members of the committee, is basic to a proper formulation of a realistic science policy. The purpose of science and the task of the scientist are to take reality as it is and to discover the laws which explain the behaviour of man and nature. This explains why the scientist must be passive and contemplative if he is to observe and explain new phenomena, but this methodological attitude does not make basic research inferior as a human activity, as Dr. Gunning apparently believes we consider it to be. On the contrary, in my view, basic research and scientific discovery is the noblest human endeavour which requires freedom to attain excellence. At the other end of the spectrum of science activities, the search for new technology is based on man's innovative genius and its purpose is to change reality. It is creative and active because it is essentially an agent of change and it cannot be left uncontrolled because it can have, as we all realize now, great beneficial effects but also a tremendous negative impact on man, society and nature.

I hope that, on reflection, Dr. Gunning will accept these distinctions as meaningful and will understand the important implications they have for science policy. The Government, as the guardian of the public interest, cannot accept the application of the premises of the Republic of Science to the search for new technology and innovation. On the other hand, if it were to apply a strategy appropriate for the development of new technology to basic research, it would be the end of the Republic of Science so cherished by Dr. Gunning.

If these distinctions made in our report had been more seriously considered by our critics, a good deal of misunderstanding could have been avoided. It is not our fault if internationally accepted definitions of science policy cover basic science, technology and innovation. These definitions are justified because these three different types of activity are more or less related to each other, but even politicians can understand that they should not be subjected to the same government strategy and the same kind of supervision. Thus the approach that we recommend to sustain our whole science effort is pluralistic, not simplistic as Dr. Gunning contends.

At the beginning of our inquiry there was much confusion about this broad concept of science policy. Engineers told us, for instance, that they were not scientists and therefore they were not concerned with science policy. When scientists heard about science policy, they immediately thought that "the Russians are coming" and that if such a policy were to be formulated systematically they would inevitably be subjected to regimentation and lose their freedom. I was under the impression that these confusions had disappeared after the views that several members of the committee expressed in public and as a result of the publication of Volume I.

In the report, for instance, we did not express any opposition to the freedom that the concept of the Republic of Science implies for the pure scientist. But we said: "It is when the concept of the Republic of Science is proposed as a general strategy for the organization of the national R & D effort that it becomes completely unacceptable."

We also referred to Polanyi's description of the Republic of Science as a system in which "each scientist keeps making the best contribution of which he is capable and on which no one can improve," and we stated that when such a condition is met, "most people would agree that the scientist should be left completely free, within certain financial limits, to determine his own activities." We went on to say: "Excellence is so rare that it must remain free." In other words, while we are opposed to uncontrolled grantsmanship, we firmly believe in the freedom for real scholarship.

To me, this is a clear and straightforward statement. Yet, Dr. Herzberg, who is a very distinguished scientist, after having read the report, had this to say:

> It is the thought of a centralized structure... that so frightens the scientists, since they are only too aware that no country in the world has been able to reconcile successfully a vital and creative science with bureaucratic centralization... If the senators think that politicians should have a hand in scientific decisions and the control of scientific laboratories, they only invite disaster as far as the development of science in Canada is concerned.

How can Dr. Herzberg raise this false issue after he had read what I have just quoted from the report: "Excellence is so rare that it must remain free."

Dr. Herzberg also quotes the British Council for Scientific Policy which stated in its first report:

> Science policy does not direct the advance of scientific knowledge, though it may well be concerned to encourage or to direct the application of the results of scientific advances. The tasks of science policy are of another kind: to maintain the environment necessary for scientific discovery; to ensure the provision of a sufficient share of the total national resources; to ensure that there is balance between fields and that others are not avoidably neglected; to provide opportunities for interfertilization between fields and between the scientific programs of nations.

Dr. Herzberg approves this quotation but then adds: "I fear that the senators would not agree with this definition." I do not really know what is the basis for his fear. Personally, and I am sure that I speak for all members of the committee, I fully agree with the definition given by the British Council for Scientific Policy. In addition, I share Dr. Herzberg's concern about the fasionable search for major science programs and his faith in what is usually called "little science".

We made it clear in our report that such major programs had not been too successful in Canada in the past. Thus, I fail to see any real disagreement between the committee and Dr. Herzberg on how pure scientists and basic research should be treated within the framework of a pluralistic strategy for science, technology and innovation. Perhaps, on reflection, he might come to the conclusion that senators do understand science better than he

thought at first and that the misconceptions which appear so clearly in his critical analysis of our report probably originate from the fact that he does not understand senators too well.

Hon. Mr. Flynn: He would not be the only one.

Hon. Mr. Lamontagne: I can assure Dr. Herzberg that the communist ideology of bureaucratic and central control over the activities of the pure scientist, if it exists in the Soviet Union, will not originate in Canada from the Senate.

I would like now to deal with the critical analysis of our report as presented by Professor Reuber. Honourable senators will recall his olympian condemnation which I have already quoted. Of the seven pages of comment that he wrote, he devotes two pages to the different purposes served by science activities, and while he uses a slightly different terminology his observations are very similar to those contained in the committee's report. It is probably not here, therefore, that our report was "lacking in perspective" and "weak in its analysis".

Further on, Professor Reuber makes a point which intrigued me very much. He says:

> A whole chapter on Canadian science in international perspective at some points seems to imply that we should duplicate the pattern followed elsewhere. This makes no more sense than to argue that the pattern of Canadian production and trade should duplicate that in other countries.

This is where, in Professor Reuber's view, the report "is most deficient".

Surely Professor Reuber does not suggest here that in the committee's views Canada should duplicate the R & D projects and programs which are being carried out elsewhere. This, of course, would be nonsense. It goes without saying, although Professor Reuber says it, that Canada should, like any other country, apply the principle of comparative advantage and select those R & D programs which correspond to our capacity, ability and needs. The whole purpose of chapter 6 was to show precisely that, as compared with most other countries, Canada had not organized her national science effort along these lines and that our failure to do so explained to a large extent the poor output of our R & D activities in terms of our economic and social goals. In that chapter the committee described the rising R & D budgets in the developed countries as an international scientific and technological race aimed more and more at promoting innovation and economic growth. We showed, with the figures provided by OECD, that Canada was lagging in that race and that the organization and distribution of our national effort, as compared with those of other countries, were not conducive to the maximization of our international comparative advantage, since our R & D activities were, in relative terms, too much concentrated on research in universities and government laboratories rather than on development work in industry. We underlined exactly the same point that Professor Reuber emphasized and yet, according to him, it is precisely in this respect that our report "is most defective". I cannot see how our country can apply the principle of comparative advantage in this competitive international race otherwise than by adjusting the common pattern prevailing in the most innovative societies to our capacity, our ability and our needs. Thus, this criticism made by Professor Reuber is either misleading or unjustified.

In the last section of his critical analysis, Dr. Reuber raises five issues which deserve some mention. First, he refers to the committee's observation about the relatively low support given to the social sciences and he says: "The report suggests that this is inadequate, and I agree." Therefore, on this first point he is in agreement with the report.

Secondly, he mentions our suggestion to funnel "more science activity through industry" and he adds: "In general I agree with this approach, provided that in the process, the broader external effects of scientific endeavour are not lost sight of."

Thirdly, he raises "the question of pure versus applied research". He states: "And it may well be, as the report implies, that the present level of pure research in Canada could now support a much larger volume of applied research." Thus, he agrees with us again on this third point. He goes on to say: "But it does not follow that the appropriate policy is to increase applied research by reducing the scale of pure research." I want to emphasize here that the committee has not suggested this method of establishing a more balanced effort, as Dr. Reuber seems to imply.

Fourthly, he admits that our report "does provide us with figures which indicate that during the 1960's Canada devoted fewer resources to all areas of science than any other major industrial country with the exception of Belgium," but he complains that the report "says relatively little" about that issue. What else can you say about it except to recommend that Canada's total effort should be increased, but it was not the purpose of Volume I to make recommendations.

Finally, Dr. Reuber raises the question of centralization versus decentralization as systems for formulating science policy. He says: "No one disputes the need for greater co-ordination and general direction about broad priorities from the centre. At the same time, I think it is essential that specific science activities be subjected to detailed examination in the light of the particular needs of government agencies, universities and business enterprises." Then he claims that in the report these two systems "seem to be posed as alternatives, which I believe is wrong". This proves that Dr. Reuber is confused, to say the least. We have said repeatedly that an overall science policy and specific science policies should not be considered as alternative but as complementary systems. In the last chapter of the report, we stated on page 281:

> It must be emphasized again that the role of an overall science policy, like that of a macro-economic policy, is not to replace specific policies but to support them with a basic framework, broad terms of reference and criteria to assess their efficiency.

If Professor Reuber had read our report carefully, he would have seen that our approach to science policy "instead of relying on a single channel, ... is based on a variety of methods and allows for 'buffers' between the government and the researcher."

Thus, on the five issues raised by Professor Reuber, he agrees with us on three of them. On the two others, he repeats the substance of our views but distorts or ignores them in order to appear to disagree. I am tempted to apply to his memorandum what he said about our report and to conclude "that it is weak in its analysis."

I could go on and point out irrelevant criticisms made by others, but I will mention only an additional one because it concerns the Science Council. A group of biologists said in their response to our report as it appeared in the journal *Science Forum*:

> The virtual dismissal of the Science Council as a body operating in a vacuum, out of touch with the realities of the problem of science policy, seems also, to us, an immoderate condemnation.

This is, again I am sorry to say, another distortion of our report. We never said that the council was "out of touch with the realities of the problem of science policy". This is a pure invention. We asserted, however, that the council was operating in a vacuum, but this assertion was based on Dr. Solandt's own admission when he told us: "There is no use in the Science Council making recommendations, if nothing happens." The context in which we made that comment that the council was operating in a vacuum clearly shows, as it appears at page 184, that our criticism was not addressed to the council but to the inefficient government machinery designed to deal with the council's recommendations.

I want, finally, to deal with the accusation that our report is wrong and inaccurate, as Dr. McTaggart-Cowan has asserted, "filled with prejudice" according to Dr. Gunning, that it "is in the nature of special pleading" and that it leads "the general public and all the news media to believe that it represents a fair and objective statement of Canadian science," as Dr. Herzberg has said.

It is not true to say that the committee tried to give the impression that we were presenting a fair and objective statement of Canadian science. As a matter of fact, we said very little of Canadian science in the sense that Dr. Herzberg defines it. According to our terms of reference, our purpose was to study science policy in its broadest sense, not Canadian science. We made this very clear in the first chapter when we said:

> The report is not designed to provide a detailed or even a broad picture of the science activities and programs of government departments and agencies. A detailed description of these operations is contained in the committee's proceedings—As to the broader picture, it has been provided by the OECD report on Canada, and that is still valid.

Hon. Mr. Sullivan: That is the basic erroneous idea that was picked up.

Hon. Mr. Lamontagne: Well, it is there at page 15 of our report. Our critics, I assume, did not see this statement.

What we were expected to do and what we did was to consider the development of Canadian science policy, the evolution of the government central machinery for its formulation, the results of that policy as considered in a broad international perspective and as perceived by those Canadians who appeared before us. This was really the essence of our mandate.

I will not argue that the history of science policy in Canada which is presented in Volume I is complete. As a matter of fact, we had to bring a draft of 700 pages to about 100 pages. But, as a broad picture of the different stages of that history, nobody has shown to me yet that our report is not a fair and objective statement. It shows that the main objective assigned to science policy since 1916, which was to promote technological development in industry, has never really been attained, that we have failed during the last five decades to develop an overall science policy and an effective central machinery for the formulation, implementation and evaluation of such a policy, that successive Canadian governments had abdicated their responsibility in this field and that as a result we have had in Canada a hidden policy or a policy by accident. These are the main themes of our historical review, and I challenge anyone to refute these statements. These findings were revelations for many Canadians and that is why at a press conference I described our first volume as a "shock treatment".

We attempted to substantiate these conclusions and their consequences in three ways. First, we considered three programs related to nuclear energy, military aircraft development, and computer technology. A few pure scientists have criticized us for our selectivity and for showing a partial picture of Canadian science. I would remind them that these cases are all related mainly to technology and innovation, not to basic science. We did not even try in our report to appraise the results and the performance of fundamental research in Canada. Perhaps we should have attempted this operation and estimated the number of Canadian prize winners, the number of Nobel prizes that we have in Canada, and estimated the number of articles published by Canadian scientists in internationally renowned journals, and so on. But we did not do that because of the complexity of the operation, and mainly because our mandate was to study science policy in the light of its assigned mission, which was, as I have said before, to help promote technological development in industry.

Within this perspective, basic research may be an important ingredient in the long sequence leading to innovation but it is not the end result of that process and cannot provide a tangible basis for appraising the success or failure of that policy, whose main aim was to promote technological development in industry. Thus, the pure scientists can accuse us of not having attempted to evaluate the quality of their work but not of having presented case studies throwing a bad light on their scientific reputation, because we did not.

Nor would we wish to infer that the work of thousands of Canadian engineers and technologists has not been

creditable and of great value to this country. Again, what we looked at was science policy in Canada, and in cases where, for almost 50 years, certain policies and outlooks have been promoted on the claim that they would produce economic growth through industrial innovation, we could not avoid the simple criterion of success. The great British parliamentarian Edmund Burke, born in Dublin like Senator Grosart, called success: The only infallible criterion of wisdom to vulgar judgments.

We justified our selection of the three technological programs previously mentioned as follows:

> Nuclear energy and military aircraft have been selected because they were the two major initiatives taken by the government in the 1950s; the computer technology was on a smaller scale but demonstrates much the same lesson.

Nobody can deny that the first two programs—namely, nuclear energy and military aircraft—were the two main programs of a technological character undertaken during the postwar period. We never pretended, as Dr. Herzberg and others seem to imply, that Canada was the only country to make mistakes in this field of high technology; on the contrary, we said:

> Other power reactors in the western world have also experienced difficulties, but this is little consolation to Canadians.

Later on we asserted that:

> Most other western countries were in the same position,

In analyzing these cases, our purpose was to show—and the context made that very clear—that after having seriously neglected our industrial innovation potential, and without an effective central control machinery for science policy, the Government could not rely on industry to make Canada self-sufficient in the sector of fabulous technology. And we concluded our analysis of these cases by saying:

> ...the first major government attempt to promote R & D in Canadian industry had failed to a large extent, except when government contracts had been used within the framework of our sharing arrangements with the United States.

Who can seriously reject this conclusion as applied to the conditions and the experiences we went through during the 1950s?

We could have presented a much longer list of mistakes and failures based on the evidence before us, if we had wanted to. But our purpose was—and I repeat it, because apparently it has not been understood by our critics—not to present a complete list of all the failures and successes of Canadian science and technology. Our purpose was to discuss science policy. We did, however, refer to the immense contribution made by the Department of Agriculture to the opening of the West, and we did present a list of successful inventions made in Canada, as Appendix 2 of Chapter 6 of the report. I readily admit that this list, based on J. J. Brown's book *Ideas in Exile*, is also far from being complete, but there are a number of others contained in our proceedings which are available for everyone to read.

I must stress that the committee clearly instructed every department and agency of the federal Government to include in its brief, detailed case histories of what it considered to be its most notable success stories, whether in the field of fundamental research, applied research or development. We placed no limitation on the nature or extent of these requested success stories, and we published them all exactly as we received them. The only limitation was the suggestion that each agency should limit its success stories to 15 in number, a rather liberal restriction. In other words, the committee played the role of impresario in being the agent through which government departments and agencies, as well as organizations in the other sectors, could place on the public record their own story of their successes. This is the first time in Canada that such an opportunity has been opened for the detailed documentation of the successes of Canadian science and technology. The committee did not ignore Canadian successes; if any valid criticism in this area were warranted, it might be based on the premise that objectivity might be endangered because we published organizational autobiographies in which successes could be freely described by those who claimed them.

Secondly, our findings also prove to be right when the main components of our national science effort are compared with those of other advanced countries. As I said before, these comparisons show that Canada stands not only behind but aside from the international scientific and technological race. Moreover, when we compare our output in terms of patents and innovative success, again we find that our performance has been very poor and that our science policy has failed to develop innovation in industry, which up to now has been its main ultimate objective.

Thirdly, the core of the evidence presented to us by representatives of the public and the private sectors also supports our conclusions. We have been accused of having made a misleading presentation of that evidence and of having quoted people out of context. To my knowledge, these accusations have not been substantiated. Of course, we could not in 100 pages adequately cover more than 10,000 pages of evidence. But I submit that we duly warned the readers about this in the opening paragraphs of Chapter 7. We said:

> It is not the committee's intention to sum up the descriptive content of the briefs. The OECD report on Canada's national science policy contains a recent and comprehensive description of the R & D activities and duties of government institutions and a general account of conditions prevailing in Canadian universities and industries, and there is no need to duplicate that effort.

We went on to assert:

> It is important to extract from our proceedings the criticisms and constructive proposals we have received from Canadian individuals and organizations most directly concerned with national science activities and policy. This review of the evidence

> may appear to over-emphasize the criticisms. The committee wish to underline again that its mandate is precisely to detect the weaknesses of the Canadian situation and try to correct them.

I contend that the criticisms and suggestions that we quoted in our report were a fair and balanced sample of the views which were presented to us.

One criticism of the report surprised me so much that I almost forgot to mention it. It came from Dr. Goldak, associate professor of engineering at Carleton University, who wrote an article in *Science Forum* entitled: "The major weaknesses: failure to emphasize technology's importance." He claimed that unfortunately we did not recognize that "the fundamental failure of Canadian science policy has been our inability to transmute knowledge into marketable products and processes." When I read this comment I came close to agreeing with Dr. McTaggart-Cowan when he said that our report was "a literary disaster".

Honourable senators, I am sorry that in this long speech I have not been able to refer to all our critics. Perhaps there will be other occasions to analyze their comments. Before I resume my seat, at this late hour, I still have some additional remarks to make.

At the end of his article in *Science Forum*, having described us as "scientifically illiterate politicians", Dr. Gunning says:

> Let us hope that when our government moves toward major reforms in our science policy structure, one of its first actions will be to call together the best scientific, technical and political brains in the country for consultation. And when I use the term "scientist," I mean practising scientists at the forefront of their field.

My first question to Dr. Gunning is: where were these practising scientists when our committee, through its hearings, sought to consult them? Were there some among the representatives of the 40 universities who appeared before us? If so, what were their specific recommendations regarding major reforms in our science policy structure? If they were not there, either they were not very interested in consultation with parliamentarians or they did not have much to contribute in terms of reforms. They still have an excellent opportunity, however, during the present public debate, to put forward concrete and positive proposals to improve present conditions. If Dr. Gunning's article and others that I have reviewed here were to be interpreted as the positive contribution that "practising scientists" can make to reform, I doubt if it would be worthwhile for the Government to consult with them.

Apart from the vindictiveness that Dr. Gunning shows in his article, the only positive statement he makes is that "basic science is the foundation of any meaningful national science effort." I agree with this proposition, but I do not find it very original since it has been stated repeatedly in our country since 1916. Meanwhile, as we contend in our report, we have forgotten in Canada to erect the building and, as Dr. Gunning says, "A foundation is not a building". But his article shows that he does not have too many ideas on how we should erect the building, after we have worked for 50 years to build the foundation.

As a matter of fact, the whole tenure of Volume I can be described as a plea to erect the building without destroying the foundation. Those few "practising scientists" who have exhibited violent and emotional reactions to our report have contributed little to this vital task. If that reaction were typical—and fortunately it is not—then I would share Professor Donald Scott's pessimism when he says on behalf of the Canadian Society for Chemical Engineering:

> There is a real and very probable danger that the present furor about science policy may become just the current contribution of this particular decade to the preservation of the status quo.

But Professor Scott and his association do not need to worry. As I said at the outset, more than 90 per cent of those who have expressed their views about the report fully support our message. And that message in its essence is very simple indeed. We must now proceed to erect the building so that our national science effort will be in a better position to serve the public interest and to solve our mounting economic and social problems. To achieve this we need in Canada not only a series of specific science policies but also a coherent overall science policy with a proper central machinery to define its targets and strategies. This message is now accepted by the vast majority of the scientific and technological community in Canada, even by many pure scientists. For instance, a highly representative group of biologists have stated:

> We agree that there is a need for greater support of good research and innovation and accept that a rational overall science policy could contribute to achieving selected national goals.

Again I repeat that this is the essence of the message that Volume I was designed to convey.

Finally, I want to say that I am in complete agreement with the *Science Forum's* editorial written by Dr. Bachynski, a well-known physicist. I hope that honourable senators will allow me in these closing remarks to quote extensively from his article because I think that it is quite important especially for the immediate future. Dr. Bachynski said:

> There is considerable validity to much of the criticism of Canadian science and technology contained in the first volume of the report of the Senate Special Committee on Science Policy...There is little to be gained and much effort to be wasted on bickering and defensive rationalization of past decisions. We should view Volume I of the Lamontagne report as the last of the various 'hindsight' studies. Armed now with the experiences resulting from the 'old' wisdom and the ideas of the 'new' wisdom, we should realize that the time is overdue for the implementation of national policies and programs that will enable science and technology better to serve the economic, cultural and social needs of

> Canadians. A necessary step must be a reversal of our current attitudes of retrenchment if we are indeed to look ahead...Volume I of the Lamontagne report is thus a milestone—a time to stop looking backward, and a time to proceed with constructive action.

This is precisely what the committee intends to do in its Volume II. Unfortunately, its publication will be delayed as a result of my illness, because on my doctor's orders I have been unable to work on it since the publication of Volume I last December. A good deal of the preparatory work has been done but I am afraid that it will take a few months yet before this second volume can be released. So far as I am concerned, I am now in a position to devote most of my time during the next few months to the completion of the work. I will try to find with my colleagues a method by which perhaps we could be authorized by the Senate to release the report as soon as it is ready, even if our chamber is not sitting at that time. I am certainly not an expert on our own rules and I do not know if that can be done.

Hon. Mr. Choquette: Senator Grosart will let us know

Hon. Mr. Lamontagne: Such a method would enable us to avoid unnecessary delays. A great number of people, including the Government, are anxiously awaiting our recommendations.

Meanwhile, I hope that the Canadian scientific and technological community will follow Dr. Bachynski's advice and use this period not "on bickering and defensive rationalization of the past," but to put forward constructive proposals when, as he says, "the times thus cry out for leadership and statesmanship in Canadian science." There will always be a small minority in our scientific community reacting negatively to preserve the status quo, but my colleagues and I invite the vast majority of that community to join with us in our attempt to build a better future for science, technology and innovation in our country and to chart, as Dr. Bachynski says, "the course that science policy will take in Canada."

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 22, 197

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ADJOURNMENT

Hon. Donald Smith: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, April 27, 1971, at 8 o'clock in the evening.

Motion agreed to.

FOREIGN AFFAIRS

PACIFIC AREA STUDY—PROGRESS REPORT OF COMMITTEE

Hon. John B. Aird: Honourable senators, the Easter recess has provided a valuable opportunity for stocktaking and planning in the Standing Senate Committee on Foreign Affairs. I would like to take a few minutes now to bring the chamber up to date on the progress and the outlook of our committee's Pacific inquiry.

In line with the pattern of our Caribbean study, the committee has proceeded with an in-depth examination of the varied aspects of Canada's relations with the Pacific countries. It is no great confession to say that none of us on the committee has found this an easy task. The area is so vast and complex that a clear focus is only obtained very gradually. However, I believe that this is now happening as a result of sustained effort by the committee and excellent contributions by our witnesses.

I must pay tribute to our members. They have maintained their interest throughout, and our meetings have been consistently well attended, with wide participation. In addition, the committee and its compact staff have continued to work as an effective and cohesive team from the outset of the inquiry.

Once again it has appeared that the committee can serve a special role as a continuing forum for discussion of particular aspects of Canada's foreign relations. Once again this continuing dialogue has been of value in updating and assessing contemporary Canadian thinking and, hopefully, formulating proposals for action. On the whole, then, I am sure that all committee members feel justified in our original initiative in undertaking this specific inquiry.

It seems particularly appropriate to comment on this study at this time in view of the dramatic developments taking place in the foreign relations of the People's Republic of China. I need hardly recite the events in question. They have been a source of daily fascination for most Canadians and for others all around the world. Obviously it is not yet possible to be certain of the full meaning of these happenings, but it seems clear that there are some new grounds for optimism about China's place in the world.

To Canadians, and to the Western world generally, the means chosen for signalling these changes may seem strange. It appears, however, that great significance is given to these gestures and to the subtle nuances that they convey. It seems safe to say that China's leaders are opening up their vast country to the view of the West and are permitting and, in fact, encouraging expanded people-to-people contacts. A ready response should be forthcoming. It is my view that through this kind of contact—that is to say, people-to-people contact—communication and mutual understanding can be best advanced, and the most durable base laid for future relationships on a wider scale.

The members of our committee are all aware of the need for greater knowledge and understanding of the countries of East Asia. This has been one of the main objectives of our hearings to date. In particular, the committee benefited considerably from the insight of two Canadian experts who are now revisiting Peking. Mr. Mark Gayn, chief of the Asia Bureau of the Toronto *Star,* appeared last November, and Mr. Chester Ronning was heard at the end of February. I commend the proceedings of these two meetings to all honourable senators. They give a great deal of perspective to these recent events.

Naturally, our concentration in the committee has been largely on Canadian relations with the countries of the Pacific. In recent days I think it has become apparent that, in dealing with China, Canada is still in an exceptionally good position because, in fact, the lines of communication have never been completely closed. Canada and China have for years engaged in mutually beneficial trade, and journalists have been exchanged.

In this context I might mention particularly the first-rate coverage maintained over the years by Mr. Norman Webster and his predecessors of the Peking Bureau of the Toronto *Globe and Mail.* I have here this morning's edition, under Mr. Webster's by-line, which I call to your attention, "Life's Not So Bad in Peking." It is a most interesting article.

The successful conclusions of negotiations for diplomatic recognition clearly involved significant Canadian initiative and example, which a number of other nations are following. The recent appointment of the respective ambassadors testifies to the continuing importance attached to Canadian-Chinese relations by both governments.

Honourable senators, it is not unlikely that Canada will serve again to break new ground in widening western relations with China. I believe that we should willingly

undertake this role which could have major implications for East-West understanding.

At the same time, Canadians should never overlook the established fact of our healthy bilateral relationships with the People's Republic. Canadian rapport with that country has built historic friendships, brought about by the patient effort of successive Canadian governments and many dedicated individuals. In the trade field, Canada's hard-won place in the Chinese market is a standing tribute to a number of men—and I would single out Senator McNamara and his Wheat Board colleagues in particular.

Hon. Senators: Hear, hear.

Hon. Mr. Aird: Honourable senators, as China's relationships with other western countries expand, we will presumably have to meet increasing competition in a number of fields. I do believe that Chinese memories are long and that the pioneering efforts of these Canadians will stand us in good stead as China's economy grows and prospers.

In addition to the current excitement about China, it must be stressed that there are other areas of comparable interest and concern to our committee. Japan, of course, has been a major focus of our deliberations. That country is rapidly becoming an economic super-power and is already Canada's third largest market. We have learned that Japan is undergoing a number of fundamental social changes but it is obvious that it will continue to be a predominant factor in Pacific affairs generally.

Like the rest of the world, our committee has been trying to analyze Japan's "economic miracle". I think we have all been most impressed and have learned a great deal from the workings of "Japan Incorporated". One of our witnesses claimed that the source of this dynamic record finds its origin in what he labelled the "Avis complex". I can assure you that our committee will also be much concerned with recommending ways in which Canada—our country—can "try harder".

At the other end of the western Pacific Rim the committee is vitally concerned with Australasia. Australia, as few people realize, is already Canada's largest overseas market for fully manufactured products. It shares many of our concerns in international economic relations. With New Zealand it is sure to occupy a place of growing importance in our overall foreign relations.

Between these geographical extremes there remains a wide range of countries at different levels of development with diverse types of relationships with Canada. It is here that the committee will be directing its attention in the near future, with a special view to assessing Canada's potential contribution to development co-operation.

We have already had a detailed introduction to Indonesia, another substantial and growing Pacific power. This and other developing countries of the area will be studied further in planned meetings with representatives of CUSO and CIDA in the next few weeks. Once again, I am sure, the committee will adopt a comprehensive approach to development questions—as it endeavoured to do in the Caribbean study.

[Hon. Mr. Aird.]

In conclusion, I am pleased to report that the Pacific inquiry appears to be progressing in a reasonably satisfactory manner. As I said earlier, a focus has now been established and we should soon be able to turn our attention to formulating conclusions and recommendations. I am hopeful that these findings, based on the accumulating evidence, will form a constructive critique and useful supplement to the government policy paper referred to us by the Senate.

Hon. John J. Connolly: Honourable senators, my remarks will be brief. I wish merely to suggest that the time to make a comprehensive comment on the work of the Standing Senate Committee on Foreign Affairs is not now. It will come when the report appears. That will be when the committee finishes its deliberations on the problems generally described as the problems of the Pacific Rim.

I think it would be appropriate at this time to emphasize, for the benefit not only of this chamber but of the public at large, the importance of the contribution being made by Senator Aird and his committee to this vital aspect of our national life.

In past years the Standing Senate Committee on Foreign Affairs could have been used effectively to achieve important benefits for Parliament and for Canada. It has always had that potential. But because of Senator Aird's dynamism and energy that committee now has a new look and a new vitality. I think it bodes well for the future as to the kind of work the Senate can do, particularly in this field. There are many people in this house who are interested in foreign affairs. We have senators who belong to and regularly attend meetings of the Canada-United States Parliamentary Organization, the Commonwealth Parliamentary Organization, the NATO Parliamentarians, and the IPU and the UN. There is a great deal of capacity and know-how in the Senate and, indeed, a great deal of sophistication which can be brought to bear upon Canada's international relations. I think the vehicle through which this can be done most effectively is being exploited successfully by Senator Aird. We owe him much for having taken the initiative and having done so much in this regard.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): I do not forget the work of the Deputy Chairman, Senator Grosart, who has been most interested in this and has supplemented the work of Senator Aird. Nor do I forget the very able staff available to the committee.

We are fortunate indeed in having the calibre of witnesses before us in our study of the Pacific Rim that Senator Aird has made avilable to us. Those who have attended the meetings of the committee feel gratified, I am sure, that the witnesses heard in committee were experts on the subjects which they undertook to discuss for our benefit.

This is a good committee. It is well run and is not attempting to be pretentious. It may not have some of the public appeal that other committees have, but it is doing

a job which I consider to be fundamental. It is important to Parliament that it should continue to do that job.

Hon. Paul Martin: Honourable senators, I agree with what Senator Connolly (Ottawa West) has said and the assessment he has made of the work of the Standing Senate Committee on Foreign Affairs. I join with him in congratulating the members of that committee, and in particular the chairman, for the work they have done in their examination of Canadian-Caribbean relations and their current examination of our relations with the Pacific Rim.

I thought I should participate in this debate for a few moments, not only because of the fact that as a former Secretary of State for External Affairs I would be expected to have an interest, but also because in the absence of my colleague, the present Secretary of State for External Affairs, who is in Europe at the present time, I act in that capacity. So, on behalf of my colleague, as acting minister I should like to say that the Government considers that parliamentary committees such as this serve a valuable purpose. In the long period of time that I have been in Parliament there has been an outstanding complaint, sometimes justified, that the Government did not provide enough opportunity for the discussion of foreign affairs. Certainly when I was Secretary of State for External Affairs it was a charge often levelled against me as minister.

Hon. Mr. Flynn: Is it valid?

Hon. Mr. Martin: There was a valid excuse on most occasions. An excuse that can be offered by governments, frequently legitimate, is that today the Government's program is so heavy that it is not easy to find time in the other place for discussion on foreign affairs. It may not always be a justifiable excuse, but generally it is. However, in this chamber that excuse is not open to any one of us. It is not open to the Government, nor is it open to any individual senator. Since becoming a member of the Senate I have felt that one of the opportunities available to us is in constituting ourselves as a forum for the discussion of public issues both domestic and foreign. We have an opportunity that is not open to private members in the other place in either the domestic or foreign affairs field.

This does not mean that we have to resolve questions by vote every time an issue is raised. That is not the most effective way of settling a foreign policy question, but it is valuable in a free society that there be discussion of foreign affairs as a means of obtaining information, promoting self-enlightenment, trying to influence government policy, and participating generally in the great decisions affecting the world at the present time.

We therefore owe Senator Aird much thanks for initiating a foreign policy discussion today. It need not be only on the particular report he has launched. Perhaps it could be open to him and to other senators from time to time to take advantage of the Senate and to debate matters of importance and concern in this field. There are many questions that could be discussed: our relations with the Middle East and problems affecting that area. Canada has a concern in such problems. Our interest in what is happening at Helsinki and Vienna regarding the strategic arms conference might also be a subject for discussion. We may not be a member of that body, but as a member of the 18-power commission on disarmament in Geneva we have a vital interest. What do we think about that kind of question?

Therefore I take advantage of this opportunity to suggest that regardless of the experience any one of us may have in a particular area—and all of us have had experience in one field or another—we owe it to our country to participate in public discussion of these matters, and there is no more available official public forum in Canada than the Senate. There is no upper house in the world that has the opportunity for discussion of these matters that we have.

Hon. Mr. Connolly (Ottawa West): Except the House of Lords.

Hon. Mr. Martin: Even in the House of Lords there are limitations. Although they have a good deal of discussion on foreign problems, as can be ascertained from an examination of their debates, they do have rules which are not as generous as those available to us.

An Hon. Senator: And they keep them.

Hon. Mr. Martin: Senator Aird has directed our attention to recent events evolving particularly in Asia, including the quiet diplomacy of a group of ping pong players from a certain North American country.

Hon. Mr. Flynn: Are you very good at that game?

Hon. Mr. Connolly (Ottawa West): Yes.

Hon. Mr. Martin: This is part of a development which, as Senator Aird has said, gives ground for encouragement that our outward looking policy may be developing. We have recently established diplomatic relations with the People's Republic of China. This is an official stamp of approval on what has taken place during the past few days, and one which we hope is an indication of greater collaboration between that part of Asia and the rest of the world.

We say to the People's Republic of China that we recognize that this is a two-way street involving action not only by the Republic of China but also by other countries.

As Senator Aird has mentioned, we have as a member of this chamber Senator McNamara who, I suppose, has had more experience with commercial China than any other man in this country. I doubt whether many in the world, apart from those in some Asian countries, have had as much experience with the People's Republic of China as has Senator McNamara. I know of no greater service that he can render Canada at this time than in giving us the benefit of his rich experience as it affects past and future relations.

Senator Aird mentioned our relations with Japan. He referred to Japan as our third trading partner. It has

been our second trading partner. The volume of trade between Japan and Canada has risen considerably since the end of the Second World War. In 1963 the total volume of trade between Japan and Canada amounted to $600 million. Today it is approaching the $2 billion mark, which is a forceful indication of the increase in our commercial relations with that country.

Much of this increase is due to the combined efforts of Canadian businessmen and governments, regardless of party.

Ministerial meetings set up by former Prime Minister Diefenbaker as a result of arrangements made with Prime Minister Ikeda of Japan, have not only given Canadian and Japanese ministers an opportunity of exchanging views on foreign policy questions, as Senator Hays well knows, but has enabled trade and finance ministers to discuss policies calculated to improve trade between our two countries.

Japan has a special relationship with Canada. The fact that she has been a constant market for Canadian wheat is, as Senator McNamara knows, part of the uniqueness of her relations with us. Japan is a member of the OECD together with Canada and other countries. This gives us a substantial bond which we enjoy with Western countries in the OECD, including Japan.

Japan is vitally concerned in other problems of mutual interest. I had word the other day from Mr. Maurice Strong, who was appointed by the Secretary General of the United Nations to prepare for the World Conference in 1972 on the problem of world environment. Japan has a serious problem, as have all the developed countries. The exchanges that have taken place between Mr. Strong and Japan, exchanges somewhat the same as the exchange of views between his organization and Canada and other countries, may play an important part in the outcome of the environment conference which will take place at Stockholm in 1972.

I suggest to Senator Aird that this aspect of the problem, while it has a worldwide dimension, might be of very special interest in the study of Canada and her relations with Asia. So I say to Senator Aird that we welcome this report which he has made today; we welcome the opportunity that it affords to initiate a discussion on a wide front of our relations with other countries. Many senators attend various international conferences, as Senator Connolly (Ottawa West) has emphasized. A meeting with our opposite numbers in the United States, members of the United States Senate and the House of Representatives, will take place shortly. These are valuable meetings, as Senator O'Leary reminds us, but so are these other meetings.

Senator Molson has given notice today of his intention to report on his work as an observer at a recent meeting of the Council of Europe, an organization designed to promote unity among the nations of Europe. While we are not members of that organization, we have a serious interest in the outcome of its work. It will be valuable to hear, as we will from Senator Molson, not only of his direct experience but the impressions which that visit has given him, and to hear his views of common market developments. Surely there is no question that is more important in terms of our future trading relations than what will happen when Britain enters a common market in Europe, if she does. How will that affect us in the short and in the long term? I do not suppose that there is any more important question for us in economic terms than what that kind of enlarged common market will mean to a country such as Canada, which enjoys the geographic propinquity that we have with the large North American market at our doorstep to the south. These are vital questions which we discuss in our boardrooms, which we discuss in the universities and which we should not hesitate to discuss in the Senate of Canada.

Hon. Allister Grosart: Honourable senators, it is my intention to move the adjournment of the debate. I regret that I was not present to hear the chairman of the committee begin his report. I was attending a meeting sponsored by the Commonwealth Parliamentary Association with His Excellency the High Commissioner for Trinidad and Tobago.

Honourable senators will be interested to hear that His Excellency gave it as his impression that the Government Leader, Senator Martin, may have recovered the ball after the colossal fumble of the Government with respect to the Caribbean sugar agreement. He was highly laudatory of the accomplishments of Senator Martin on his recent trip to the Caribbean, and indicated that he may have come back with that fumbled ball. I think he deserves our congratulations for that.

On motion of Hon. Mr. Grosart, debate adjourned.

STANDING RULES AND ORDERS

NOTICE OF COMMITTEE MEETING

Hon. Paul Martin: Honourable senators, Senator Molson has asked me to remind you that he has scheduled a meeting of the Standing Senate Committee on Standing Rules and Orders for Thursday, May 6. During the past session there have been several suggestions with respect to possible changes in our rules, and Senator Molson is anxious to have a good attendance at this meeting.

Hon. Mr. Flynn: Will the Government Leader promise not to attend, so that the committee can decide freely?

Hon. Mr. Martin: I am not in humour for that today; I cannot be in good humour all the time.

TEXTILE AND CLOTHING BOARD BILL

SECOND READING

The Senate resumed from yesterday, the adjourned debate on the motion of Hon. Mr. Cook for the second reading of Bill C-215, to establish the Textile and Clothing Board and to make certain amendments to other Acts in consequence thereof.

Hon. W. M. Benidickson: Honourable senators, as it is the wish of the Government Leader that this item be

referred to a committee today and I am not prepared to proceed, I yield my place on the Order Paper.

Hon. Eric Cook: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if the honourable Senator Cook speaks now his speech will have the effect of closing this debate.

Hon. Mr. Cook: Honourable senators, we have had a good debate and as a result we are all much better informed on the subject matter before us. We are particularly indebted to Senator Blois, who speaks with the knowledge gained from a lifetime of experience in the textile industry. Whenever Senator Blois speaks he makes a valuable contribution to any debate. Without dealing in detail with his remarks, which are still fresh in our minds, I would say that it is good to remind ourselves of the value of the textile industry during wartime. This point, in my opinion, stresses the fact that it is of great importance to all countries that everything reasonably possible should be done to ensure that all types of industry are encouraged to continue to operate. If our textile industry, or any other industry, ceases to function, we may well see the day when Canada has cause to regret our failure to take the proper steps to keep the industry alive and active.

We are also indebted to Senator Sparrow for his constructive contribution, which I am sure will receive the close consideration of the Government. While I shall make further reference to Senator Sparrow's objections, I would at this point merely say that I welcome his sensible suggestion that it is not necessary that the office of the board be in the national capital region. If the Government does agree with Senator Sparrow, I would strongly urge upon the minister the fact that there are vast areas of suitable real estate in my Province of Newfoundland and Labrador which may be acquired at a very reasonable price, and upon which a desirable headquarters for the board may be erected.

Honourable senators, this bill seeks to assist in the solving of a national problem. Unfortunately, this is an area where the Government is damned if it acts, and damned if it does not. Those who support all measures that will encourage free and freer trade will be troubled by the bill, while those who argue for a reasonable degree of protection will welcome it.

This bill is, of course, enabling legislation. Before any action may be taken, each case must be thoroughly examined on its own merits. After all interested parties have been heard and the tribunal reports that in its considered judgment sound reasons exist which warrant action, then and only then will the Government decide what should and will be done. In so deciding the Government will also give serious consideration to, and review the five aspects of, the problem to which I referred when introducing the bill. To refresh your memories, these five aspects are:

(1) Canada's international obligations; (2) The interests of our own consumers; (3) The employment factor; (4) The conditions prevailing in international trade; and (5) Action will only be taken to assist lines of production which can and will in due course become viable.

Therefore, to those who worry because they fear Canada has turned away from the desirable objective of encouraging freer trade between all nations, I say that the walls of Jericho have not yet fallen. Canada's trade policies have not changed. To support this statement I refer to a release issued yesterday. The release deals with the speech of the minister delivered to 300 German financial, business and industrial leaders at a luncheon in Bonn on Monday, April 19, 1971, which reads:

> Mr. Pepin said Canadian prosperity is very much dependent on a liberal international trading environment. He said: "This fact is reflected in our trade policies. We are obstinate proponents of freer trade on a multilateral basis."

In view of this very clear statement of the Government's policy no doubt many of the fears of Senator Sparrow, and of the many others who do not welcome the bill, will be set at rest. This bill does not mean we have abandoned the goal of freer trade. I have quoted the minister's recent statement to that effect. It does mean, however, that suitable steps will be taken and reasonable guidelines established to prevent our own markets from being unfairly and improperly exploited. The only result of such exploitation is that Canadian capital will be lost, industries that may be urgently needed in times of emergency will disappear and, most important of all, tens of thousands of Canadian men and women will not obtain gainful employment. To prevent these things happening, the Government must act, and this bill will give the Government the necessary power to act. If the Government does not use these powers wisely and well, then Parliament can intervene, and in the final result the voters of Canada will have the last word.

If the bill receives second reading, I shall move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce. At the committee's hearings I understand that the minister and representatives of the department will be available to answer the numerous questions that have been touched on during this debate.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Cook, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

JURY DUTY

INELIGIBILITY OF QUEBEC AND NEWFOUNDLAND WOMEN—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the honourable Senator Casgrain calling the attention of the Senate to the fact that in the Provinces of Quebec and Newfoundland women are not called for jury duty.—(Honourable Senator Martin, P.C.).

Hon. Paul Martin: Honourable senators, this order is standing in my name. I had already spoken to the part that was initiated by Senator Fergusson. I would normally have suggested that perhaps the matter should be taken off the Order Paper now. But I suppose it would be better not to do that until Senator Casgrain is in her place. For that reason, I ask that this matter stand until Tuesday next.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, there are several other items that we had hoped to be able to proceed with today. Information is being sought in respect of one of them by an honourable senator. As is well known, many honourable senators are attending the meetings in Quebec of the Joint Committee of the Senate and House of Commons on the Constitution of Canada. This explains why two other items are not being dealt with today.

The Senate adjourned until Tuesday, April 27, at 8 p.m.

THE SENATE

Tuesday, April 27, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Kaplan has been substituted for that of Mr. Osler on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of Ordinances, chapters 1 to 15 inclusive, passed by the Council of the Northwest Territories at its 44th Session, February 1971, pursuant to section 15 of the Northwest Territories Act, chapter 331, R.S.C., 1952, as amended 1953-54, together with copy of Order in Council P.C. 1971-669, dated April 6, 1971, approving same. (English text).

Copy of Table of Public Ordinances of the Northwest Territories—1956-1971 (First Session). (English text).

Report of Eldorado Nuclear Limited and its subsidiary, Eldorado Aviation Limited, including their accounts and financial statements certified by the Auditor General, for the year ended December 31, 1970, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report of the Canadian National Railways for the year ended December 31, 1970, pursuant to section 40 of the Canadian National Railways Act, chapter 29, Statutes of Canada, 1955.

Report of the Canadian National Railways Securities Trust for the year ended December 31, 1970, pursuant to section 17 of the Canadian National Railways Capital Revision Act, chapter 311, R.S.C., 1952.

Report to Parliament of the Auditors on the accounts of the Canadian National Railway System for the year ended December 31, 1970, pursuant to section 40 of the Canadian National Railways Act, chapter 29, Statutes of Canada, 1955.

Copies of financial statement on the operation and maintenance of the Great Slave Lake Railway, constructed by the Canadian National Railway Company under authority of chapter 56, Statutes of Canada, 1960-61, together with a statement showing the net capital investment as at December 31, 1970, pursuant to section 9 of the said Act.

Report of the Northern Transportation Company Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1970, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Copies of text of the Joint Canada-U.S.A. reference to the International Joint Commission respecting Point Roberts.

Copies of second report of the Advisory Group on Executive Compensation in the Public Service, dated January 13, 1971.

Copies of Statement outlining increases in judicial salaries effective January 1, 1972.

CANADA-FINLAND SUPPLEMENTARY INCOME TAX CONVENTION BILL

FIRST READING

Hon. Paul Martin presented Bill S-18, to implement a Supplementary Income Tax Convention between Canada and Finland.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45 (1) (a), that the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting tomorrow, Wednesday, April 28, 1971, and that Rule 76(4) be suspended in relation thereto.

Hon. Earl W. Urquhart: Honourable senators, perhaps I might offer a word of explanation. Bill C-218, which is commonly referred to as the "Bail Reform Bill," has been referred to this committee. The Honourable John Turner, the Minister of Justice, has been conducting constitutional discussions with some of the provincial premiers across the country, and will be available tomorrow afternoon to appear before our committee. That is why we are asking leave to sit tomorrow at three o'clock.

Motion agreed to.

STANDING RULES AND ORDERS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1) (h):

That the name of the honourable Senator Grosart be substituted for that of the honourable Senator Macdonald (Cape Breton) on the list of senators serving on the Standing Senate Committee on Standing Rules and Orders.

Motion agreed to.

DEPARTMENT OF TRANSPORT

LEASE AGREEMENTS FOR FEDERAL GOVERNMENT WAREHOUSES IN PRINCE EDWARD ISLAND—INQUIRY ANSWERED

Hon. Thomas J. Kickham inquired of the Government pursuant to notice:

1. On what date was a lease agreement entered into between the Department of Transport at Charlottetown, P.E.I., and the Hudson Bay Oil and Gas Company for space accommodation in the Government frost-proof warehouse at Georgetown, P.E.I., and on what date was it terminated?

2. What was the amount charged per cubic foot of accommodation; what was the total amount paid by Hudson Bay Oil and Gas Company; and to whom was payment made?

3. On what date was a lease agreement entered into between the Department of Transport at Charlottetown, P.E.I, and Biroid of Canada for space accommodation in the Government frost-proof warehouse at Georgetown, P.E.I, and on what date was it terminated?

4. What was the amount charged per cubit foot of accommodation; what was the total amount paid by Biroid of Canada; and to whom was payment made?

5. Are producers of perishable farm products entitled to priority in leasing space over producers of non-perishable goods in Federal Government frost-proof warehouses in P.E.I.?

Hon. Paul Martin: Answered.

(*The answer follows.*)

1. Entered into February 1, 1970 and terminated January 31, 1971.

2. Six cents per square foot of shed space occupied per month; one cent per square foot of outside open area occupied per month; lease also provided for payment of utility charges and applicable wharfage and berthage rates in accordance with Government Wharves Regulations. Total amount paid for period February 1, 1970 to January 31, 1971—$12,005.13. Payment by cheque payable to the Receiver General of Canada and delivered to appropriate officers of the Department of Transport.

3. Entered into February 1, 1970 and terminated September 30, 1970.

4. Six cents per square foot per month, total amount of rental paid for period February 1, 1970 to September 30, 1970—$2,025. Payment by cheque payable to the Receiver General of Canada and delivered to appropriate officers of the Department of Transport.

5. No. The Department endeavours to give some preference to potato shippers at Georgetown, as at other similar ports in P.E.I., but the general public also has a right to request and be given the use of space in the sheds.

Supplementary Information to Question 1:

A new lease arrangement is in effect with Hudson's Bay Oil and Gas Company Ltd. effective February 1, 1971 for a term or period of two years for space in the Georgetown shed and for an open area on wharf property.

CRIMINAL RECORDS ACT

MOTION FOR STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—DEBATE ADJOURNED

Hon. Earl Hastings moved, pursuant to notice:

That the Standing Senate Committee on Legal and Constitutional Affairs examine and report on the operation and administration of the Criminal Records Act, chapter 40 of the statutes of 1969-70, and in particular upon the operation and administration of subsection (2) of section 4 thereof.

He said: Honourable senators, in addressing myself to the motion and in explaining my motive for bringing this matter to the attention of the Senate, I can do no better than refer to remarks made in this house by my colleague and desk mate, Senator Prowse, as recorded on page 790 of the *Debates of the Senate* and March 29, 1971, when he said:

> If we have any responsibility to this country and to this society, I suggest that the highest responsibility we have is not just to sit here and to pass our opinions on laws that come before us but to see aggressively that the laws we make and the way that they are administered reflect credit upon the institutions which they are supposed to protect.
>
> Everything that everyone in this country cherishes depends on the efficacity of our laws. Usually the usefulness of a law depends on the opinion which people have of the law. If we allow arrant abuse to go unchecked, people will rightfully hold the law in very low esteem.

It is in this spirit that I suggest to you that the manner in which the Criminal Records Act is being administered is not such as to reflect credit upon society or upon the Parliament that enacted it. The very worthwhile purpose for which the Criminal Records Act was passed is being defeated in the use of the Royal Canadian Mounted Police, a law enforcement agency, to carry out the investigative provisions of the act.

The act provides that anyone who has completed his sentence and then has lived a life of good behaviour for

a certain term may apply to the National Parole Board for a pardon. Section 4(2) of the act provides that the board shall cause proper inquiries to be made in order to ascertain the behaviour of the applicant since the completion of his sentence.

As I have suggested previously, it is the matter of investigation by the Royal Canadian Mounted Police that concerns me. The investigation involved here is not one related to the normal functions of a police force, dealing primarily with prevention and solution of crime, but because the Royal Canadian Mounted Police are utilized the investigation takes on the appearance of a criminal investigation. It no longer has the character of an investigation of good behaviour of a Canadian citizen.

There is also the real and ever present danger of unnecessarily exposing a man's past, which he by his own initiative has kept secret and hidden from public scrutiny, thereby causing him unnecessary embarrassment, difficulty and hardship. In addition, we are running the risk of inflaming old attitudes and resentments, thereby causing more harm than any good we might do to the individual concerned.

In this regard I should like to bring to your attention and place on record certain views as contained in letters written to me by two people who are particularly interested in this act and its administration. The first one is from a Canadian businessman who writes me that he applied to the Parole Board asking for a pardon and on the form they sent him he had to give five references, and the investigation was made by the RCMP. He goes on to say:

> I was never visited by the investigator—

Is that not consistent with a criminal investigation where the suspect is never confronted until the investigation is completed?

> I was never visited by the investigator but those five people were, and to my knowledge three told me about it and were told about my past which they didn't know. I have been in business since 1950 and I am presently doing over half a million dollars worth of work a year. I am sure I am rehabilitated and would like to have a pardon, but how many more people will find out about my past.

The other letter, from western Canada, is as follows:

> The use of the RCMP to investigate people who have made application for pardon in seeking relief from a criminal record is very wrong. I will use my own case as a classical example. Over forty years have past since I was released. I have not been in trouble since, so what can be achieved by any investigation by anybody? I trust you will understand my concern, because I feel that bringing the police into this matter will undo what is trying to be done to give people who deserve it another chance to have a decent life. However, psychologically I find I am still under attack. I am still being forced to walk the razor's edge and I will have to live out the rest of my life with the fear that I might stub my toe. In other words, I cannot feel that society is at long last saying to me "All is forgiven, go and sin no more". As a result of the RCMP doing the investigating, I have not sent in my application because I have been afraid to.
>
> I am 61 years of age. I was given a criminal record at 14 for stealing. There was no such thing as legal aid, and as I look back I cannot think of anything that anyone could do that was not done to criminalize a young boy. After getting out, I went east and, with another boy, stole a car and was given two years. I have since had a lifetime to think of all these things, and many more. I have had no further charges since my release the second time. I have raised a daughter and two sons to be good law-abiding citizens. In business I gave a job to a boy to assist in his parole and I have lived an exemplary life within society. I am one of those who has lived a life with a criminal record, and the psychological effect of the name 'criminal' no longer rightfully applies. In the cause of true justice there is much to be desired in the area of legislation on the granting of pardons to make it possible for a smooth transition from an ex-convict to an accepted citizen without the fear of exposure always imminent no matter how discreet an investigation may be.
>
> There is not much left for me now, but perhaps in some way my writing this letter may help prevent what has happened to me from happening to others in the future.

In another case that was brought to my attention, a young man requested in his application that no inquiry should be made of his employer because he was unaware of his past record. His request was respected by the investigator. They did not interview his employer, they interviewed his fellow employees, and now everyone including his employer is well aware of his record. As far as he is concerned, he told me that the board could keep their pardon. The word "keep" is my own, not his. He used a much more descriptive verb—one pertaining to the anatomy.

There is also the case brought to my attention of a young man who seven years ago was arrested and convicted of obstructing a police officer in connection with a student fracas. Today this young man is completing his education in the United States. He is completing his internship, and is about to make application for admittance to a recognized college of physicians and surgeons. In giving consideration to applying for a pardon, he decided not to do so in the knowledge that the Royal Canadian Mounted Police would be brought in to carry out an investigation of his character and activities and would no doubt call in the FBI.

In effect what we are doing and saying to each of these applicants is this: You made a mistake in the past; you have paid for your mistake, and through no fault of ours but by your own initiative and ability you have successfully re-established yourself. We are now ready to wipe the record clean as an indication of your complete and unqualified acceptance as a member of society. But we do not want to make a mistake, and because at one time you

committed a crime we think it best to investigate your conduct since that time. We still do not trust you and to make certain that the inquiry is done properly and extensively we are going to send the RCMP around to see what kind of life you are leading, regardless of any embarrassment the inquiry may cause you.

The use of the Royal Canadian Mounted Police is unnecessary and repugnant to anyone with an appreciation of the journey these people have had to make. The logical and only agency to perform this task, if an investigation is necessary at all, is the National Parole Board and its officers. These men have shown evidence of being able to work effectively with parolees and inmates of correctional institutions.

> These officers interview inmates, supervise parolees, assist in the work of rehabilitation and offer professional recommendations to the National Parole Board on various matters pertaining to the correction and rehabilitation of offenders.

Those words are taken exactly from a Public Service Commission of Canada poster advertising for applicants for the job of parole officer. These are the men who should be carrying out the job, as they have a profound knowledge and a deep understanding of the men with whom they work. They have a genuine appreciation of what they have been through and are in a much better position and are better equipped to make an objective judgment on the life that an individual or applicant is leading.

In support of my suggestion that the Parole Board should be used, I call on no less an authority than the former Solicitor General of Canada who, when speaking in the other house on January 30, 1970, as recorded on page 3044 of the House of Commons *Hansard,* said this:

> The bill itself approaches the problem in this way.
>
> It provides that the person concerned make application and the National Parole Board, which we believe to be the body best equipped to examine into these kinds of problems and with the most experience in this field, examine into the particular case and make the recommendation for the grant of pardon if the facts warrant it.

If this be the case as indicated by the minister, why would the Parole Board find it necessary to enlist the aid of a law enforcement agency such as the RCMP? Is the Parole Board still not "best equipped," as indicated by the minister, and does it not still have the "most experience in this field," as indicated by the minister? I am given to understand that the reason we are not using parole officers is that they are not able to carry out these investigations because they are presently carrying a heavy case load. There are, however, 150 parole officers in 38 offices in Canada. There are approximately 100 applicants for pardon per month. This would mean an average of less than one investigation per parole officer per month, which could easily be completed in a few hours with a check of police records to ascertain the absence of crime, and an interview with the applicant himself in his home and his personal environment. In only a few cases should it be necessary to carry the examination further, and in a small number of cases police assistance might be justified and necessary.

If our parole officers are carrying excessive loads, one might ask why they carry the responsibility of community investigations. This is an investigation that is carried on in the community before a man is released from prison to ascertain the attitude of the community towards the prisoner and his pending release. Should we not be consistent and have the RCMP carry out these investigations? Why do we use parole officers in that investigation, yet when we affect the lives of men who have been rehabilitated we call on the Royal Canadian Mounted Police?

If our parole officers are overworked, then perhaps the time is opportune to provide assistance and relieve them of the burden of these inquiries. I suggest the qualifications for proposed assistant parole officers should be very simple, so simple in fact that it would probably completely escape the attention and interest of the analysts, appraisers and evaluators.

I consider the following to be satisfactory qualifications or basic requirements for persons acting as assistants to parole officers in this investigative and related work. He must have at one time been convicted of an indictable offence and served at least three years in a federal penitentiary or correctional institution. He must have shown, as a result of imprisonment, an ability to adapt and successfully rehabilitate himself with good conduct, industry and maturity. He must possess a sound knowledge of institutional programs, parole procedures, qualities of leadership and an ability to effectively communicate and understand in assisting clients of the parole board.

There is an old Scottish saying that "One must have walked the walk to be able to talk the talk." The man I have just described is such a person. He could deal effectively with these people and assist them in their rehabilitation. His performance might just equal or even surpass that of the sociologist, criminologist, and psychologist.

I have also been given the explanation that the Criminal Records Act is a federal statute and the logical agency to carry out the investigation is the federal police force. That explanation or observation is as inane and ridiculous as the investigation procedure itself. In only one other area of which I am aware, the security of the state, do we use peace officers in such a role. In all other aspects we use people with a particular knowledge or expertise in the matter being investigated.

Time and time again we are called upon to pass acts and legislation providing for a host of investigators and inspectors to make certain the provisions of acts and regulations are being fulfilled. Only when the law is broken do we call in a police force to enter the investigation with a view to prosecution. In the case of former inmates who have rehabilitated themselves, we do not hesitate to call in the RCMP and send them galloping off on this investigative procedure.

I am also advised that an investigation is necessary to make the pardon a valuable, worthwhile instrument.

I am wondering exactly to what use it is anticipated the instrument will be used. I doubt that it will be utilized as a letter of recommendation for employment or as a supporting document for a credit rating. I also have second thoughts that it will ever be framed by the recipient for public viewing, and if we issue the pardon with a view to impressing police officers we might just as well repeal the act forthwith. The fact is that 88 per cent of those who have succeeded in rehabilitation have done so by hiding their past from a society that will not understand them, and the same fate no doubts awaits the pardon. There is evidently but one reason for using the RCMP, which is economic and budgetary in nature.

It is a strange and weird reflection of a society that abandons all budgetary limits in spending $10,000 per year to keep a man incarcerated and in punishment, but in the matter of rehabilitation this same consideration looms as an impossible obstacle.

It is for these reasons that I have introduced the motion. I believe that the Standing Senate Committee on Legal and Constitutional Affairs, or a subcommittee thereof, should investigate and report on the administration of this act and, in the light of their investigation, recommend reforms they may find needed or desirable.

In closing, I should like to permit the inmates to speak for themselves through Leo, an inmate at the Leclerc Institute near Montreal. Leo gave the valedictory address at the graduation ceremonies about two weeks ago on behalf of his class, which had completed and graduated in a data processing course offered to 15 inmates at that institution. By the grace of God and the National Parole Board these men may possibly rejoin society and useful employment in industry in the coming months. This is the third class to graduate at the Leclerc Institute. Approximately 30 had graduated prior to this year in a course offered by the Data Processing Association of Montreal, and 29 of those 30 are now usefully employed in industry in Canada. They are out of institutions, and their families are off welfare. As I said, Leo was the valedictorian for the class, and here is part of what he had to say:

> We seek to forget the past, yet we do not wish to deceive. We have done what we have done, we are who we are, our biggest desire is to regain our place in society and live the lives of normal men. We cannot accomplish this by ourselves; we need the confidence of others, they must be willing to accept us as we are and as we will be.

Leo and others like him will no doubt be applying for pardons when the time limit has passed. These are people who have paid their debt to society, who have overcome all obstacles and stigma that can be placed in their path. I submit to you that they are entitled to every consideration possible from a grateful society or a grateful people. I make no apology for taking the time of the Senate to bring their plea to your attention, with the request that consideration be given to righting a wrong, and on their behalf I move the motion standing in my name.

23351—57½

Hon. L. P. Beaubien: Honourable senators, I hope the honourable Senator Hastings will forgive me if I say that I have never disagreed more with a speech than the one I have just heard, except perhaps the first speech he made to us on this subject.

What are we looking at now? We are looking at an act that is going to destroy the record of a criminal. As honourable Senator Hastings told us, the first man he mentioned has been rehabilitated for 30 years; he has never had any problems. Why would he appeal then, if he has never had any problems, to have his record obliterated? Simply because he is going to fool somebody? And who are the people who will be there to say he is going to fool somebody, and who we are so anxious to keep out of the action? The RCMP, the only police force that polices all of Canada, knows what is going on. I have never in my life heard such a lot of nonsense as we hear now, and right along the line.

Are any of these bleeding hearts gushing over the wives of policemen who have been killed? No society has ever survived if law and order has not been maintained. Are we keeping it? A few years ago, in our wisdom, we came up with a most extraordinary thing—that there were two kinds of murder. Some filthy crooks strangle the life out of a minister of the Crown and that is considered non-capital murder. However, if you look at the record you will see that it really does not make much difference whether a murder is deemed capital or not. A few years ago a ruthless gangster dressed up in a Santa Claus suit stood over a wounded policeman as he lay motionless on a sidewalk in front of a bank and blew his brains out with a submachine gun. And the cabinet of Canada, greatly to its discredit, commuted the sentence.

Now what are we talking about? We are talking about the Parole Board. A seasoned judge gives a hardened criminal so many years in prison, and then these bleeding hearts come around a few years later and let him out and he starts all over again.

If you want this civilization of ours to go on, if you want law and order to go on, you have got to stop sob-sousing about crooks, you have got to protect the honest citizen. The honest citizen is not being protected, and all this talk about being kind to criminals is just a lot of nonsense. You have got to stand up and be counted. Are we men or are we a lot of sob-soused bleeding hearts?

Hon. J. Harper Prowse: Honourable senators, the question is: are we men or are we gods? Unfortunately this Government does not have the responsibility for making laws that would be applicable to gods. We are men, and men who are in prison are men. If they have been more human than us, if they have been found in weaknesses where we have escaped detection, this does not give us the right to stand here and deny those who would climb closer to God the right to make the attempt. I had not intended to speak tonight following my friend Senator Hastings until I heard the impassioned plea by Senator Beaubien.

Two kinds of murder? Obviously the honourable senator was talking about the Laporte murder and about the

Santa Claus murder. He was talking about one kind of murder—done by the action of fools. Is he going to say to this house that we were wrong when we decided not to condemn a man to death for being a fool? Is he going to say that we should now retract that decision and say that anyone who does something so completely ridiculous and outside of human behaviour, something that is obviously the act of a mad man, should die? Hitler had a simple way of getting rid of people who were insane.

Let us go a little further. Is my friend the honourable Senator Beaubien suggesting for a moment we should say that the criminally insane should be destroyed? If he says that, then who shall decide who is criminally insane and who is merely criminal? I am sorry that the honourable Senator Beaubien is leaving and does not want to listen to this—because it might do him some good. In every case involving capital murder where the cabinet has exercised its prerogative and commuted the sentence of death to one of life imprisonment, the decision was not made by "bleeding hearts", as Senator Beaubien put it, but by people acting on the recommendations of psychiatrists who said that the condemned men were not responsible for their actions.

Hon. Mr. Choquette: May I ask a question, before I walk out on you, like my honourable friend. Are all criminals insane? If we are going to believe you, it seems that at least the murderers are.

Hon. Mr. Prowse: There are times when I think that it is not only criminals who are insane.

Hon. Mr. Choquette: That is a smart alec answer.

Hon. Mr. Prowse: To answer your question, yes.

Hon. Mr. Choquette: Well, that is fine.

Hon. Mr. Prowse: I would say that any man who can murder another human being is an insane man. There was a debate on this years ago, and I do not propose to embark on it again.

I do not know how good a life everyone here has lived, but I can tell you that the police generally believe that any person who reaches the later years of life, or the age when he is ready to retire from the Senate, without getting a criminal record is not of necessity a completely honest, law-abiding citizen, but one who has lived a life of undetected crime.

Hon. Mr. Croll: You should not have added that.

Hon. Mr. Langlois: What about the House of Commons?

Hon. Mr. Prowse: They did not get caught. It is true I spent two hours in an iron cage in a little jail at Redpass in 1936, when they took us off the freights and said, "You cannot go west; you have got to go east." They thought we were going to Vancouver to get on relief, when all we wanted to do was go out and look at the boats. We were Prairie boys. If that confession does not worry you I can probably get a better one, but it will do for now.

Those of us who have lived lives of undetected crime—those who have the right to walk across the border, and who, when applying for a bond or a job, have the right to answer no to the question, "Have you ever been convicted?"—cannot possibly understand the penalty that is imposed on a man who, when faced with the same question and imbued with a sense of responsibility to be honest, must answer yes. So he stole a car when he was a kid. Perhaps your father gave you a car, provided you with "wheels", but not one of you ever surrendered to the desire to get yourself some wheels from some unguarded place and not put them back. It is only those who do not put the wheels back who may be penalized for a lifetime.

Honourable senators, the law which my friend is talking about recognizes that men are not gods, that much as we might like to walk on clouds, we do not, that most of us walk something less than a perfect course through life.

Where a man has walked something less than a perfect course and has been caught and penalized by the law—particularly if this happened when he was young—is he forever to walk in shame and shadow; is he to be forever denied the right to walk upright like a man? Can we not put into our law the ability to forgive a man for human weakness? Can we not put into our law the ability to show a little mercy and forgiveness? Must we besmirch a man so as to prevent his whole life from being useful because of a momentary youthful indiscretion?

This is what my friend was talking about, and this is what my friend on the other side of the house completely misunderstood.

Hon. Mr. Choquette: I am glad you explained it.

Hon. Mr. Hastings: Honourable senators—

The Hon. the Speaker: Does the honourable Senator Hastings wish to close the debate?

Hon. Mr. Croll: Does the honourable senator wish to close the debate now? I am prepared to have the question put now, because I am in favour of the motion.

On motion of Hon. Mr. Thompson, debate adjourned.

CYPRUS

UNITED NATIONS PEACE-KEEPING OPERATION—QUESTIONS

On the Question Period:

Hon. Paul Desruisseaux: Honourable senators, I should like to have the indulgence of the Senate in order to put certain questions to the Leader of the Government concerning the activities of our Canadian forces in Cyprus and their role in the United Nations peace-keeping operation there. I should like to place before the Senate, verbally, the following questions:

1. Are Canadian forces still participating in the United Nations peace-keeping operation in Cyprus?

2. If so, what is the total number of Canadian military personnel engaged in this operation?

3. What is the total cost per year of maintaining the Canadian contingent in Cyprus?

4. Who pays for the maintenance of the Canadian contingent in Cyprus?

5. For how long does Canada intend to maintain a peace-keeping force in Cyprus?

6. What other countries, if any, are at present participating in the said peace-keeping operation?

7. What are the respective sizes of the forces of these countries in Cyprus?

Hon. Paul Martin: Honourable senators, Senator Desruisseaux this afternoon gave me notice of his intention to ask these questions and I am now in a position to reply. The answers are as follows:

1. Yes, Canada does participate in the United Nations peace-keeping operation in Cyprus.

2. The total number of Canadian personnel at the moment is 583.

3. For the fiscal year 1971-72 the estimate is $1,727,500.

This, of course, does not include pay and allowances, which would be paid whether or not the forces in question were in the United Nations peace-keeping operation. The pay and allowances total $4,300,000.

4. So far as the Canadian forces are concerned, they are maintained by the Government on behalf of the people of Canada. The recoverable amount from the United Nations this year is $580,000.

5. The mandate of the force was set last June 15 for six months. The mandate will end on December 15 next, and it will be up to the Security Council to decide whether the force should be renewed for a further three-months or six-months period.

6. The following countries participate in the United Nations force in Cyprus:

Ireland, Finland, Sweden, the United Kingdom, Denmark and Canada. Austria has a medical contingent present and Australia has a police contingent present.

7. The largest contingent is that of the United Kingdom. The second largest is that of Canada. The other contributing countries have contingents numbered below the Canadian figure of 583.

I am sorry I do not have at my fingertips the exact figures.

Hon. Mr. Choquette: Are they kept very busy?

Hon. Mr. Martin: Yes, they are kept very busy. The United Nations force in Cyprus has been able to maintain peace in that disturbed island.

NORTHERN OIL AND GAS

GOVERNMENT TRANSPORTATION STUDY URGED—DEBATE CONTINUED

The Senate resumed from Monday, April 5, the adjourned debate on the motion of Hon. Mr. Argue:

That this house opposes the Trans-Alaska pipeline and tanker project and urges the Government to proceed with the various economical and ecological feasibility studies of alternate routes and to report from time to time upon the most appropriate steps that in the Government's opinion may from time to time be taken to accomplish the prudent and efficient transportation of northern oil and gas.

Hon. John Mr. Macdonald: Honourable senators, I thought Senator Argue gave a powerful speech and that his reasons for moving the resolution were very sound and most convincing. As I place before you my reasons for supporting his motion, I am sure you will notice that they bear a strong resemblance to his, although I go into greater detail in some instances and approach the matter from a different point of view in other instances.

Honourable senators will have noticed that this motion can be divided into three parts. Part 1 is simply that this house opposes the Trans-Alaska pipeline and tanker project. Part 2 urges the Government to proceed with the various economical and ecological studies of alternative routes. Part 3 requests the Government to report from time to time upon the most appropriate steps that, in the Government's opinion, may from time to time be taken to accomplish the prudent and efficient transportation of northern oil and gas.

Honourable senators will also have noticed that the first point of the motion expresses opposition to a project which is not under the control of the Government of Canada. Those seeking to build the pipeline do not need a permit from any government in Canada. Parts 2 and 3, however, are matters within the competence of the federal Government of Canada.

As you are no doubt aware, the Trans-Alaska pipeline and tanker system is a proposal to build a 789-mile pipeline from the great oil fields of Prudhoe Bay south across Alaska to the all-weather port of Valdez on the south coast of Alaska. The oil which would be pumped through this 48-inch pipeline would be taken by huge tankers to a new refinery at Cherry Beach, which is about 12 miles from the Canadian border and about 32 miles south of Vancouver.

If the United States is prepared to grant permission for this pipeline to be built across Alaska, that is their business, and it could only be of interest to us if it had some adverse effect on the ecology of our territory. I have not seen anywhere that Canadian opposition is caused by any direct or indirect adverse effect which the pipeline might have on the ecology of Canadian territory.

However, if it is decided to carry that crude oil in huge tankers from the terminus of the pipeline along the coast of British Columbia to the proposed refinery, even if it is outside our territorial waters, then it becomes very much our business and very much our concern. It is of great concern to us because in the opinion of many people such tanker voyages would constitute a threat, an ever-present menace, to the coast of British Columbia. One accident—and there will be accidents as long as ships ply the sea—involving one of these tankers could cause so much

pollution as to contaminate the whole coast of British Columbia. One such accident could destroy the marine life of a great area and as a result destroy the industries based on it.

Is the threat exaggerated? Is the danger overstated by those who oppose the project? Have modern methods of shipbuilding and navigation eliminated the threat of pollution from these tankers? Do they now have so many built-in safety features as to make our concern unwarranted? Honourable senators, I do not think so. You may have seen the description in a recent issue of *Time* magazine of the new Esso of the Netherlands tanker *Europoort*. It is the world's largest ship being just over 1,141 feet in length. It carries 243,000 tons of crude oil. I do not know how many gallons this would amount to, but obviously the pollution which would be caused by the escape of 243,000 tons of crude oil would be considerable. According to the *Time* story, it would be enough to pollute the beaches all the way from Holland to Spain. This great ship carries a crew of only 30 men. It does not need more as it has an automatic pilot, automatic radar, and an automatic steering adjuster. An officer of that ship is quoted as saying "We stay in our staterooms. This ship runs itself and when something does go wrong, it is too complicated to fix anyway." One can imagine the result if such a ship carrying 243,000 tons or more of crude oil was involved in an accident off the coast of British Columbia or if something went wrong that was too complicated to fix, and oil escaped.

I believe the concern felt by Canadians on account of the proposed tanker system is justified, and Canadians are justified in trying to prevent it. Yet there is a distinct possibility it will be proceeded with in the near future if the necessary permits to build the pipeline can be obtained from the United States Government. On March 20 a Canadian Press story from New York quoted Dudley Knott, Vice-President of Public Affairs for B.P. North America Incorporated as saying his company's basic concern is with the extraction of oil from Alaska to meet the increasing requirements of the United States market, and the United States interests demand that the oil come from Alaska. Mr. Knott further stated that the oil companies do not care how they get the oil out—whether by pipeline, tanker or submarine—but the method must be economical and they believe the best way is by pipeline across Alaska. On April 7 there was a story from London which quoted Sir Eric Drake, Chairman of British Petroleum Company, as saying it was hoped that some time this year the United States Government would authorize construction of the planned pipeline from the North Slope to the ice-free port of Valdez on Alaska's south coast.

People of influence in the United States are in favour of the TAPS project. I have read that Mr. George Lincoln, Chairman of President Nixon's oil policy committee, wants this done in a hurry to meet the anticipated petroleum needs of the west coast of the United States. The United States Federal Power Commission also thinks Alaska oil should be brought to market as speedily as possible, and that the TAPS system is the most economical way of doing this. Mr. Edward Patton, President of the Alyeska Pipeline Service Company, which is the consortium of companies wanting to build the pipeline, has stressed the fact that since the Mackenzie alternative was proposed, there has been no new evidence that this alternative is sounder than TAPS.

Another factor to be remembered in discussing this matter is the large investment already made in preparation of the Alaska pipeline. An article in *Time* magazine of March 29 had this to say:

> Anticipating U.S. Interior Department approval, the Alyeska Pipeline Service Co., a consortium of oil companies with stakes in Prudhoe, has already invested in ground surveys and tanker contracts; in fact, 80 per cent of the 48-in. pipeline that would be required has already been delivered.

When we are discussing this matter, and especially the part dealing with our opposition to the Trans-Alaska pipeline tanker project, one other consideration must be kept in mind and that is that the United States needs this oil and is determined to transport it by some means or other in the near future. That the need is there is emphasized by a Canadian Press despatch from Vancouver which said in part:

> The continental United States desperately needs oil from the North Slope of Alaska, Edwin C. Hurd, President of Trans Mountain Oil Pipe Line Co., told the annual dinner meeting of the University of British Columbia Alumni Association.
>
> Mr. Hurd said the "growing militancy" of other oil-producing countries of the world means that the resources in those countries may not always be available to the United States.

I think Mr. Hurd's words carry a lot of weight as he is also President of Mackenzie Valley Pipe Line Research Limited, a company conducting research into the feasibility of constructing a pipeline from the Arctic Slope to Edmonton.

In my view, there can be no doubt that the United States wants, needs, and is determined to have that oil from Alaska, and I do not think they are willing to wait too long to get it. It is apparent that the United States oil industry favours the Trans-Alaska pipeline and tanker system as the one to move that oil in the cheapest and quickest manner. If we are opposed to this project, can we hope to prevent it? There have been some roadblocks thrown up against it by the conservationists in the United States. The permit to build the pipeline has not been granted and there is no indication that it will be granted in the near future. Various individuals and groups in the United States have presented serious objections to the proposed system. These objections are of interest as all or some would apply to a pipeline built in Canadian territory. Such objections are based mainly on ecological-pollution and social grounds. Conservationists in the United States have apparently been able to prevent the granting of a permit to construct the pipeline by arguing before the courts that pollution dangers have not been adequately weighed and examined as required by the new United States National Environmental Policy Act. Some of the apparent reasons for a revaluation of the Trans-Alaska pipeline system appear to be:

1. A study of the future tanker traffic in Puget Sound by the Honeywell Corporation of Minneapolis has predicted two to four tanker collisions in this area in the next ten years.

2. Canada's concern about possible oil pollution on the Pacific coast.

3. The ecological harm to the Alaskan countryside caused by the melting of the permafrost from the heat generated by hot oil passing through the pipeline. It is estimated the oil would have to be heated to 180 degrees Fahrenheit to be pumped through the pipeline.

4. The frequency of earthquakes in Alaska and the possible effects of such earthquakes on the pipeline. The United States National Earthquake Information Centre has reported that Alaska had 68 reported quakes in 1970.

5. A report by the United States Corps of Army Engineers has indicated it might prohibit the construction of port facilities at Valdez although no reasons have been given for such a decision.

For one reason or another, but chiefly because of strong opposition by groups within the United States, the Department of the Interior has not yet issued a permit to build that pipeline across Alaska. This has given us time to make our views against it known to the Government of the United States, and the passing of the motion may be of some assistance to those who are fighting to prevent its construction. In view of the fact that Alaskan oil is going to go to the continental United States in one way or another it is not enough simply to oppose the pipeline tanker system. It has been suggested, therefore, that a pipeline be built across Canadian territory down the Mackenzie River valley to Edmonton. If this were done it would, of course, eliminate the objections of Canadians to the pollution threat.

Senator Argue's motion urges the Government to proceed with the various economical and ecological studies of alternate routes. The only alternate route which merits serious consideration at present is the pipeline through the Mackenzie Valley. The two voyages of the *Manhattan* proved that oil could be moved from Prudhoe Bay by tanker, but that it would be an expensive as well as hazardous operation. The proposal to move the oil by tanker submarine or by ice-breaking tankers has not apparently merited serious consideration. If Canadians wish to have the United States accept the Mackenzie Valley route to move the Alaska oil to market then we must be prepared to provide the answers to the questions they will raise, and this will require further study and research.

For example, in order to persuade conservationists in the United States to accept and promote the Mackenzie Valley route it will have to be proved that this route has fewer ecological hazards than the Alaska pipeline. How can this be done? For the past three winters studies have been carried out in the Northwest Territories by Mackenzie Valley Pipeline Research Limited to assess the damage to the permafrost by the heated pipeline passing over it. This must be ascertained because if any serious damage resulted it could upset the feeding and migratory pattern of Arctic birds and animals. I understand that in the tests conducted 4,500 barrels of heated oil are passed over a 2,000-foot loop of pipeline up to 200 times a day to discover if it can be adequately insulated and thus prevent damage to the permafrost. The whole research project has another year to run, but the results to date are satisfactory. Indeed, I think they must be as the Canadian Government has laid down certain guidelines for construction of pipelines in the north.

There are other considerations which require further study on what problems will have to be overcome in building the line from the Alaskan oil fields to Inuvik. As the Mackenzie Valley line would be at least twice as long as the Trans-Alaska one, the financing of its construction might be difficult. It would certainly require a large participation by United States capital.

It is obvious that more study and research is needed on the Mackenzie Valley route. We can all agree with the second part of Senator Argue's motion which urges the Government to proceed with such studies. Indeed, I hope that such studies will be proceeded with at an accelerated rate, because while we are studying the route the United States might build the Trans-Alaska pipeline, for they are people of great drive and energy when they undertake to build anything.

I do not intend to comment at this time on the third part of the motion, which requests the Government to report from time to time upon the most appropriate steps to be taken, in its opinion, to accomplish the prudent and efficient transportation of northern oil and gas. Of course, a study of the prudent and efficient transportation of northern gas and oil opens up a large field. It could well be a complex study as it would have to include the transportation of oil and gas which might be found in the Canadian Arctic islands as well as in continental Canada. If such studies were completed it would be of interest to have the results made available even if the Government did not wish to endorse the conclusions.

I believe that a consideration of the Trans-Alaska pipeline and tanker project and the apparent effects of the system suggests that Canada should seriously oppose the proposed transportation system, on the grounds that severe ecological harm will result to Canada's populated west coast from predicted collisions or other accidents involving supertankers carrying oil cargoes. As I have mentioned, it is not enough to approve this system; we must also be in a position to advocate an alternative one, which at present would seem to be a pipeline through the Mackenzie Valley.

I know that Canadian opposition to the proposed project has been registered, and that fairly high level discussions are to take place next Monday. I hope that such discussions will be fruitful, and that the United States and Canada will join together, as good neighbours should, to arrange a system of transporting oil and gas from the north to our mutual benefit.

Honourable senators, I simply want to add that I am pleased to second the motion so eloquently moved by Senator Argue.

On motion of Hon. Mr. Langlois, debate adjourned.

CONSTITUTIONAL CONFERENCE

THIRD WORKING SESSION HELD AT OTTAWA—DEBATE CONTINUED

The Senate resumed from Wednesday, April 21, the adjourned debate on the inquiry of Hon. Mr. Connolly (Ottawa West) calling the attention of the Senate to the Statement of Conclusions of the Third Working Session of the Constitutional Conference, held at Ottawa, 8th and 9th February, 1971, and tabled in the Senate on Thursday, 11th February, 1971.

Hon. Ernest Manning: Honourable senators, I will not long detain the house in making a few comments on the subject matter of this inquiry that was placed on the order paper by Senator Connolly (Ottawa West). However, I am sure all members of this house feel, as I do, that we are indebted to him for the clear and lucid explanation he gave of the work of the Constitutional Conference, and the emphasis that he placed on the issues that are inherent in the subject we are discussing.

I suggest that this matter is among the major national issues confronting this country today, although not in the sense that there is any real urgency or necessity to amend or rewrite the BNA Act. On the whole, I believe most of us could agree that that document has proven to be a good and sound basis for the Canadian Constitution. We cannot help but be impressed by the obvious wisdom and foresight of the Fathers of Confederation in anticipating as well as they did the problems and circumstances that would develop in a new nation as it grew to maturity, and providing a framework sufficiently complete to enable most of those problems to be reasonably well accommodated.

It is my belief that if there is the will to make the federal structure work within the British North America Act, then that structure can be operated effectively within that framework. Therefore, I suggest that the reason this matter is of such tremendous importance is not because there is great urgency to rewrite the Canadian Constitution, but because constitutional review and reform in recent years have become symbolic of the divergent viewpoints and interests with respect to federalism and the future of Canada as a federal state.

Today whenever the question of constitutional reform is mentioned the first thing that comes to the minds of most people is the relationship between proposed constitutional reform and the divergent viewpoints that prevail in this country with respect to federalism. These conflicting viewpoints and interests tend to centre on two major questions, the first of which is: Is the federal structure on which Confederation was built in 1867 a viable structure in the 1970s having regard to the vastly different set of social, economic and financial circumstances which now prevail?

The magnitude and complexity of the current social, economic and financial problems have imposed formidable new responsibilities and obligations on both levels of government. These problems have become so complex and large that they can no longer be regarded as mere concerns of either the federal or provincial governments alone. The inter-relationship between the problems and responsibilities is such that the line of demarcation between the exercise of federal jurisdiction and provincial jurisdiction has become obscured. Certainly there are many provisions in the federal-provincial agreements that have been negotiated in the past 15 or 20 years which are outside the specific allocations of responsibility defined in the British North America Act. These are agreements that have been worked out as matters of necessity. Some of them have worked reasonably well; some have led to controversy and dissatisfaction. Certainly all of them have tended to obscure the dividing lines between federal and provincial responsibilities. This in itself becomes a very strong argument for meaningful constitutional reform.

During the same period there have developed the problems now faced by the municipal administrations of Canada. These have been generated largely by the trends to mass urbanization. It was pointed out recently in this house that we have cities in Canada with larger populations than some of the provinces. These municipal administrations are faced with tremendous responsibilities, often without the financial resources necessary to discharge them. All this points up the need for some meaningful revision of the tax structure of Canada, and the sources of revenue available to the respective levels of government. These needs in turn become pressures for constitutional revision and reform.

The second question around which interest in this matter revolves is even more serious, and therefore more important, and it is: Can the major segments of the Canadian population find satisfactory accommodation within the kind of nation the present federal structure envisions? We have, of course, three major groupings of the peoples of Canada—the Anglo-Saxons, the French-Canadian citizens, and those who name neither French nor English as their mother tongue. We must not overlook the fact that in this latter group there are some six million Canadian citizens today whose mother tongue is neither English nor French. These people have their human concerns and human aspirations. They have fears of what their position may be within any significant restructuring of the Canadian nation.

It is a simple fact of history, of course, that the greatest concern and the greatest dissatisfaction has been voiced by French Canadian citizens. Because they are the majority of the people of the Province of Quebec, Quebec has become symbolic of this group and their concern within the federal structure. The demands for special status for the Province of Quebec and for the French Canadian people range all the way from special status by way of autonomy in fiscal, cultural and economic matters, to the province being granted full national status, or even becoming independent of Canada altogether.

Honourable senators, I know from experience that these great concerns, and what they can mean to the

future of Canada, have always cast their shadows over the various constitutional reform conferences that have attempted to come to grips from time to time with this issue. It is my belief that these shadows are becoming longer, which indicates that perhaps we are now getting into the twilight of the day in which we have an opportunity to resolve these matters in a manner that will be satisfactory to all concerned.

It was my privilege to attend all federal-provincial constitutional conferences between the years 1943 and 1968. These were held under the leadership of four Canadian prime ministers: King, St. Laurent, Diefenbaker and Pearson. Having attended and participated in that long series of conferences, I know something of the sense of frustration that so often emerged when these issues were debated—issues which, by the end of the sessions, were still as far from solution as when the conference began. I have listened from time to time to the statements of men who have said that what we need to do in Canada is scrap the whole business, and write a new Constitution. I suggest to you that people who talk that way have had no experience whatever with the practical realities of getting the kind of agreement that is essential to bring a new Constitution into being. I submit that in the light of the experience of this country in the past 25 or 30 years it is utterly unrealistic for anyone to think that in the foreseeable future it will be possible to re-write the Constitution of Canada, or develop a wholly new Constitution for Canada, and have it accepted by the divergent interests among the Canadian people.

In commenting on these endeavours to repatriate the Constitution of Canada and develop a formula for its amendment within this country, it is fitting that tribute should be paid to the efforts of two earlier ministers of justice. I refer to Mr. Davie Fulton and Mr. Guy Favreau. These men spent a great deal of time and effort in this field of work, and became the architects of what was commonly spoken of as the Fulton-Favreau formula. Whether that was a good formula or not—and I for one suggest it was far from a perfect formula—it led to the one occasion in all the years of effort when unanimous agreement was finally arrived at, first at the conference chaired by the minister of justice with the attorneys general of the provinces, and secondly at the entire federal-provincial conference.

There was one chapter in the closing part of that long procedure with which I am particularly familiar, and which I do not think is generally known to the Canadian people. There had been a series of these conferences in one form or another from 1950 until the early sixties, when the whole matter came to an impasse largely because of a strong position taken by the then Government of Saskatchewan, who felt that the suggested amending formula would impair too severely the power of the central government, and that the suggested amending formula was too rigid. The matter came to a standstill largely over that difference of opinion.

There was then a change of government in the Province of Saskatchewan. It so happened that in the year 1964 the Province of Alberta was the host province to the annual premiers' conference, and that was the first premiers' conference attended by the new premier of the Province of Saskatchewan. As chairman of that conference, I had an opportunity to discuss with the Prime Minister of Canada before the conference the question whether in the light of the change of government in Saskatchewan there might be some different position with respect to the points upon which the former government of that province had felt strongly, and which had led to the impasse to which I referred.

At that premiers conference we had an opportunity to discuss among ourselves whether there was a possibility of now getting a greater measure of agreement. The Government of Saskatchewan felt they could in general accept the proposals that had been developed up until that time. I had the pleasant task, as chairman of the conference, of conveying to the then Prime Minister the view of the premiers that now there was unanimity as far as the provinces were concerned.

Following that, and I think largely as a result of that encouraging indication, the Prime Minister convened a conference in Charlottetown, at which the Minister of Justice was directed to reconvene the Constitutional Conference with the attorneys general for the provinces of Canada, and a strong appeal was made for them to make an all-out effort to reach agreement on an amending formula, especially in anticipation of Canada's centennial year. We all felt that nothing could be more appropriate than to come to the end of our first hundred years with agreement on the means of domiciling the Constitution in Canada, and agreement on a formula for its amendment.

The then Minister of Justice, Mr. Favreau, reconvened the conference of the attorneys general. Two or three meetings were held, the last being in Ottawa on October 14, 1964, the same date as that on which a federal-provincial conference was in session here in the capital city. At the final session the Minister of Justice and the attorneys general reached agreement on what was called the Fulton-Favreau Formula, and it was reported to the full session of the federal-provincial conference that such agreement had been reached.

Honourable senators, I hold in my hand the communiqué that was issued by the federal-provincial conference on that occasion. I will not detain you by reading all of it, but a couple of paragraphs might be of interest. They are:

> The conference of the federal and provincial governments, meeting in Ottawa on October 14th, unanimously agreed on a formula to repatriate the Constitution of Canada. This formula, when it has become law, will mean that any future amendment of the Constitution will be made in Canada instead of by the Parliament of the United Kingdom. As a result, our Constitution will have become, for the first time in the history of Canada, truly and wholly Canadian.

> This milestone in the evolution of Canada's government is the culmination of the series of discussions between the federal and provincial governments which began in 1950 and were carried on in 1960-61.

The communiqué ended with this paragraph:

> The constitutional formula was recommended unanimously by the Attorneys-General of Canada and the provinces and accepted unanimously by the Conference.

There were pretty high hopes at that time. It was said that at last it looked as if we were making some progress. It was agreed—although this was not made a condition—that the provinces would submit to their legislatures a resolution endorsing the proposed amending formula, so that this would have not merely the concurrence of the executive arm of the provincial governments but also that of the people's representatives in the assemblies across Canada.

Some of the provinces carried out that step. I well recall that in the Legislature of Alberta I discussed this with the then leader of the Opposition. He willingly agreed to second the motion for the adoption of the resolution, when he saw that this would not be a partisan matter. I proposed the resolution of the Government, he seconded it, we had a good day's debate on it and it was carried unanimously. Something similar happened in other legislatures across Canada.

Honourable senators are aware of what transpired at that time. The Prime Minister of the Province of Quebec was the Honourable Mr. Lesage. He, along with all the others, had endorsed the proposed formula. I believe I can say he was enthusiastic about this progress. But when he went back to his own province he was met with criticism from his opposition that he had sold out to Ottawa and the rest of Canada.

This opposition became articulate and strong, until finally it was necessary for him to come back to the Government of Canada and advise that it would not be possible for him to take a resolution into his legislature asking for approval of the formula. The whole thing ended at that point. It was a deep disappointment to millions of Canadians. I am quite certain that the Prime Minister of Quebec was realistic in his assessment. There was no point in taking a resolution to his Assembly if the Assembly would not endorse it. He felt that such was the case.

Honourable senators, we have read in the press, and heard in the outline given so ably by Senator Connolly (Ottawa West), that again a constitutional conference recently arrived at the point where there is general agreement. Again, they have a means to domicile the Constitution in Canada, and again there is a proposed amending formula—not too different in its basic principles from that of 1964. In June of this year there is to be another conference, in British Columbia, at which it is expected this matter will be finalized. I sincerely hope that conference will be successful, but I wonder whether we are being realistic in such a hope. The present Prime Minister of Quebec, if I read the reports correctly, is facing the same kind of criticism with respect to this latest conference as his predecessor faced in 1964. This time he has not only the opposition of the Union Nationale which Prime Minister Lesage faced, but he has also the even stronger opposition of the separatist movement in the Province of Quebec.

I am wondering if it is realistic to think that Mr. Bourassa will be able to go to the conference in June and say: "I can take into my Legislature a resolution which will be adopted on behalf of the people of Quebec, and which will endorse this formula to domicile the British North America Act in Canada and to provide for its amendment." I hope he can, but I wonder if such will be the case.

If he has to go to the conference and say the same as Mr. Lesage had to say following the previous attempt, then I am very deeply concerned about what the reaction in this country may be. Several of the provincial governments have said already that if no progress is made towards finalizing this matter at the June conference, there is no point in pursuing the question further. Even more serious may be the reaction of the Canadian people. We cannot go on building up people's hopes time after time, and each time have them dashed.

I believe it is correct to say that during the years since the breakdown of the Fulton-Favreau formula there has been a long series of actions on the part of the Government and people of Canada to accommodate the desires and the aspirations of the Province of Quebec. We have had the Bilingualism and Biculturalism Commission, we have the Official Languages Act, and we have the provision of opting out privileges from federal-provincial agreements, with a choice of tax abatement or fiscal equivalent, as it was called. We have extensive programs of federal economic aid in which the people of Canada as a whole have contributed millions of dollars, the greater part of which has gone to try to build up the underdeveloped areas of the Province of Quebec.

I could add many more things to this list of which honourable senators are aware. Many of these have placed a heavy strain on the people in other regions of Canada. I do not want to digress into this matter tonight; perhaps on some other occasion we might discuss some of these things in greater detail. But I merely mention as a slight illustration of the effect of the Official Languages Act that in my part of Canada it is certainly having a more divisive effect than a unifying effect.

Some of you have read recent newspaper reports concerning a community in the north-central part of Alberta. Here French Canadian citizens and non-French Canadian citizens have lived and worked together in complete harmony and fellowship for years without the slightest disagreement. Now, because the B and B Commission has designated the area as a bilingual district, problems are beginning to develop. The people in the town happen to be predominantly French Canadian citizens while the people of the adjacent rural

areas are predominantly citizens of Ukrainian origin. They are now getting into wrangles over whether they are going to have the street signs in two languages, and all that kind of thing. Disagreement has come into a community where never before had there been any such kind of disagreement. And that is not an isolated case.

All I am pointing out is that this series of steps that the Government of Canada has taken to try to accommodate the aspirations and concerns of the people of Quebec, has imposed a heavy strain on the people in many other regions of Canada.

We have been reading what I feel are very unfortunate statements by our press in the last few days about the possibility of severing the rest of our ties with the monarchy. I am not going to get into a debate on that subject tonight, but I draw to the attention of honourable senators that that is the kind of thing, in my view, that should never be raised under the circumstances that prevail in Canada today.

Hon. Senators: Hear, hear.

Hon. Mr. Manning: When you start raising highly emotional issues of that kind, you do a lot of unnecessary harm. The people who want to sever Canada's ties with the Crown are not going to gain anything by the severance. There is not a person in Canada today who is restricted in any way or whose way of life is altered in any way by virtue of the fact that historically this country has had a long traditional association with the Crown. These ties are in the realm of the abstract so far as their application to Canada is concerned in this day and generation; but these ties are related to the emotions and heartstrings of millions of Canadian people, and when you cut these strings or try to cut them you create a resentment, you create a reaction that is totally unnecessary because you have not gained a single thing in the process.

It reminds me of the principle the poet had in mind when he said:

> Who steals my purse steals trash; 'tis something, nothing;
> 'Twas mine, 'tis his, and has been slave to thousands;
> But he that filches from me my good name
> Robs me of that which not enriches him,
> And makes me poor indeed.

What I think he was trying to say was that when you take away from a man his reputation, you are no better for what you have taken away from him but you have robbed him of something that meant a great deal to him.

Analogously, if the minority groups of this country, or those who have no feeling for the Crown—and I have no quarrel with their attitude because that is their right—think that by taking away from the millions of Canadians to whom these things do mean a great deal, they are furthering their cause, they could not be more wrong. They are not going to be enriched by a severance of our ties with the monarchy, but others would be made poor indeed by such severance. That is not the way to get unity in Canada.

I could go through the whole list of these things. For example, we have had disagreements at the federal-provincial conferences over the opting-out privilege. You cannot give such privileges to one part of Canada and not to another. You cannot argue that there is that much of a fundamental difference between provinces of Canada.

Economic aid is another example. I do not begrudge the money that Canadian taxpayers are spending to try to improve the economic conditions of Quebec, but I can understand the people in my province, and in Saskatchewan and elsewhere in the west, being more than a bit concerned—and I am sure the same is true in other regions that are much younger than Quebec—that a province which is rich in resources and which has had over a century to develop now has to have the aid of other, younger areas of Canada.

I am not quarreling with what we have done in this regard, but I am simply pointing out that all these things have exacted a price, emotionally, financially and otherwise from the people in other parts of Canada.

If having done all of these things we could meet here tonight and know that the aspirations of the French Canadian people of Quebec had been met and that everyone had now found his accommodation, then I am sure every honourable senator would say that it was not too big a price to pay for a result of that kind. But what is the irony of all of this? The irony is that we cannot say that. If we are realistic, we must acknowledge that notwithstanding all these and other actions which have been taken by this nation to meet the concerns and demands of Quebec, there is little if any indication that Quebec is any happier in Confederation today than she was five years ago. In fact, if we are to be completely honest, we may be compelled to admit that the reverse appears to be true.

The danger of all this is the backlash that may well develop in other areas of Canada if this situation continues much longer. In this set of circumstances, when the June conference is held, if Quebec is the province that rejects the revised formula or demands changes which other regions of Canada cannot accept, the consequences may well be serious not only for the hopes of constitutional reform but for the future of Confederation itself.

I confess to you, and I have some reticence in saying this, that if anyone had come to me five years ago when I was Premier of Alberta and had suggested that there was a danger of Confederation breaking up, I would have said, "Man! Your judgment could not be worse." I simply would not have believed that that was a real danger. I could not say that tonight, because I think that danger is there and we are only blinding ourselves to reality if, we refuse to recognize how real that danger is.

For these reasons it seems to me that there have been few constitutional conferences at which a heavier responsibility will rest upon the shoulders of the partici-

pating governments. Certainly a special responsibility will rest on the government and people of Quebec in the light of what happened following the 1964 agreement. No one hopes more sincerely than I that the June conference will be crowned with success. But I say the time has come for us as Canadians to be realistic and to think ahead to what the implications of failure may be. There is cause for concern, and Canadians will be foolish to shut their eyes to the hard facts with which we are faced in this country today.

On motion of Hon. Mr. Langlois, debate adjourned.

FORT-FALLS BRIDGE AUTHORITY BILL

SECOND READING

The Senate resumed from Tuesday, April 20, the adjourned debate on the motion of Hon. Mr. Benidickson, for the second reading of Bill S-14, respecting the construction of an international highway bridge between Fort Frances, Ontario, and International Falls, Minnesota.

Hon. W. M. Benidickson: Honourable senators—

The Hon. the Speaker: Honourable senators, since the honourable Senator Benidickson introduced and spoke on second reading of this bill, I must remind honourable senators that if he speaks now his speech will have the effect of closing the debate.

Hon. Mr. Benidickson: Honourable senators, on April 7 we had a debate on second reading of this bill. At that time the honourable Senator Grosart addressed to me some pertinent questions, and it was understood that I would not move that this bill be sent to committee until I had answered those questions. He properly challenged me because I, perhaps rather flippantly, said that I did not know where the money to build the bridge was coming from. I said that, honourable senators, because of some experience connected with these international bridges.

The money seems to come from private lenders through the sale of debentures and bonds, and 95 per cent of the funds emanate from the United States. But we in Canada benefit from the traffic resulting from tourists travelling into Canada by way of these bridges. We also benefit from having these bridges connect with our highway system so that Canadians are faciliated when travelling to visit our neighbours to the south. So, honourable senators, I cannot answer that question of Senator Grosart's any more fully now than I could at that time, but seemingly even the State of Minnesota is prepared in the territory that I know, in a parliamentary way, to finance two bridges between Ontario and Minnesota.

The second question that Senator Grosart asked with respect to money is related to the clause of the bill which deals with possible liability by the Crown in connection with financing of this bridge. He drew our attention to clause 18 of the bill, which says:

> 18. The bonds or other obligations of the Authority are not obligations of Her Majesty, nor is Her Majesty liable on such obligations.

Furthermore they are not obligations of Her Majesty's servants or agents.

Senator Grosart further asked what we heard as to the views of the owners of the existing 65-year old bridge on the suggestion that there should be a new bridge somewhere in that vicinity. I said then, and I repeat it now, that this has been talked about for ten or 15 years, and to my knowledge the owners of the original bridge have registered no complaint. At least, they certainly have not registered any complaint with me.

There is no haste in the consideration of this bill. As I have said, it has been talked about for some time. Financial arrangements have to be worked out. A site has not yet been determined with any exactitude. Therefore, I think that the Standing Senate Committee on Transport and Communications will have every opportunity of inviting the private owners of the existing bridge to make any representations they may choose. Furthermore, in the following weeks we can obtain the necessary information as to the financing arrangements required to facilitate the construction of this bridge.

I may say that I shall repeat during the committee stage my very strong objections to the policy of the Canadian Government incorporated in clause 26 of the bill. That clause reads:

> 26. The Authority shall provide and maintain at its expense such suitable office, warehouse and other accommodation, with adequate light and heat,
>
> (a) as the Governor in Council or any Minister designated by the Governor in Council may from time to time require for Canadian customs and immigration purposes;

I say that we are accepting too much of the "big brother" principle when a facility of such advantage to Canada is provided by our friends to the south, in large part, and we have this continuing policy of saying that we will not even provide them with Canadian customs and immigration facilities.

I raised this question on December 17 when my honourable friend Senator Kinnear was dealing with an amending bill to another international bridge act, namely, the Buffalo and Fort Erie Public Bridge Company Act. It was the second last day of the sitting prior to the Christmas adjournment. The members of the Senate committee felt that there was something very wrong in adhering to this principle, and I propose to raise it again when we discuss this bill.

I have to the best of my ability tried to answer the very proper questions raised by the honourable Senator Grosart. If the bill receives second reading I will propose that it be referred to the Standing Senate Committee on Transport and Communications. A former bridge bill was referred to the Senate Committee on National Finance,

but it is more appropriate that this bill go to Transport and Communications.

I will have conversations with Senator Haig, Chairman of that committee, who is very familiar with that part of the country, frequently visiting relatives there. He knows the situation well and we will be able to work out a schedule under which the private company and all interested parties will have an opportunity to make representations.

Hon. Mr. Martin: Honourable senators, Senator Benidickson thinks that the bill should be referred to the Standing Senate Committee on Transport and Communications. I should have anticipated this, but I did not. Perhaps the honourable senator has looked up the rules to make sure to which committee this bill should be referred. I thought that the bill should be referred to the Foreign Affairs Committee or the Banking, Trade and Commerce Committee. Perhaps the Clerk of the Senate could tell us the rule under which this would come.

Hon. Mr. Benidickson: Honourable senators, I did not consider that this bill should go to the Foreign Affairs Committee.

Hon. Mr. Martin: What is the rule?

Hon. Mr. Benidickson: There is no finance involved.

The Hon. the Speaker: Perhaps I may be allowed to say a few words on this matter. As the Leader of the Government knows, a few days ago we looked into this matter and we thought that this bill should go to the Standing Committee on Foreign Affairs or the Standing Committee on Transport and Communications. Perhaps the Chairman of the Committee on Standing Rules and Orders could throw some light on this situation?

Hon. Mr. Molson: I call the attention of the house to Rule 67(h), which sets out the terms of reference of the committee. I will not read the whole rule, but it says in part:

> ... to which shall be referred on motion all bills, messages, petitions, inquiries, papers, and other matters relating to transport and communications generally, including:
>
> (i) transport and communications by land, air, water, and space, ... or any other form, method or means of communications or transport;
>
> (ii) tourist traffic; ...
>
> (v) navigation, shipping and navigable waters.

Honourable senators, I would suggest that the committee on Transport and Communications would in this case be appropriate, but that is only my personal view.

The Hon. the Speaker: If I might be allowed to add a word: I took it for granted that there would have to be an international agreement after this bill is passed, so that the Foreign Affairs Committee might be the appropriate committee.

Hon. Mr. Benidickson: It is immaterial to me which committee the bill is referred to. It is true that Washington and Ottawa have carried out certain negotiations regarding international waters, but when it comes to the construction of facilities the important negotiations will take place between the State of Minnesota and the Province of Ontario who will each provide approaches to the bridge.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Benidickson: I move that the bill be referred to the Standing Senate Committee on Transport and Communications.

Hon. Mr. Martin: I have great respect for the judgment of Senator Molson in this matter, but I wish to make sure that it is the view of His Honour the Speaker that this matter comes within the purview of the Committee on Transport and Communications. If that is so, then I am satisfied. Personally I have some doubts, but I will abide by His Honour's ruling.

The Hon. the Speaker: I examined the rules with my advisers and I feel that the bill could go to either committee.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 28, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Copies of Agreement between the Government of Canada and the Government of the Federal Republic of Germany on Scientific and Technological Cooperation. Done at Bonn April 16, 1971.

Report on proceedings under the Industrial Relations and Disputes Investigation Act for the fiscal year ended March 31, 1971, pursuant to section 68 of the said Act, chapter 152, R.S.C., 1952.

PRIVATE BILL

ROYAL VICTORIA HOSPITAL—FIRST READING

Hon. L. P. Beaubien presented Bill S-19, respecting the Royal Victoria Hospital.

Bill read first time.

Hon. Mr. Beaubien moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

NATIONAL FINANCE

ADDITION TO COMMITTEE MEMBERSHIP

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1)(h):

That the name of the honourable Senator Croll be added to the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

ADDITION TO COMMITTEE MEMBERSHIP

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1)(h):

That the name of the honourable Senator Hastings be added to the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

NATIONAL FINANCE

FISCAL AND MONETARY POLICY STUDY REFERRED TO COMMITTEE

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1)(e):

That the Standing Senate Committee on National Finance be authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation; and notwithstanding Rule 83A

That the budget approved by the Standing Committee on Internal Economy, Budgets and Administration and printed in the *Minutes of the Proceedings* of the Senate of 18 March, 1971, for the proposed expenditures of the said Committee on National Finance with regard to its examination of the Estimates laid before Parliament for the fiscal year ending 31st March, 1972, be applicable as well in respect of its examination of the said question of fiscal and monetary policy in Canada.

Motion agreed to.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION—DEBATE ADJOURNED

Hon. Ernest C. Manning: Honourable senators, I rise to direct your attention to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Few other developments in the field of international co-operation will more profoundly influence Canada's future as a sovereign nation than the relationships we establish with the great world power with whom we share most of the land mass of this continent. There is today a growing public awareness that this is so, and that awareness has given rise to no small measure of concern. This concern finds expression in many divergent viewpoints and is not without its controversial aspects. Some honourable senators may not agree with certain conclusions I will seek to express. I present these conclusions and the reasons for them not in the spirit of controversy but in the hope they will contribute something to your own objective assessment. Above all I sincerely hope that our discussion of this vital question will result in a re-examination by the Government of Canada of the course it presently is pursuing in this important area of Canadian foreign policy.

I am particularly pleased that the Government Leader in this chamber is the former Secretary of State for External Affairs, and is therefore eminently qualified to

appraise the arguments I wish to advance and to urge the Government to give this matter the serious attention it deserves.

May I start by stating the obvious. Canada-United States relations are unavoidably influenced by the difference in status as between the two nations. Canada has a larger geographic area but in almost every other respect the status of the United States eclipses that of this country. The population of the United States is ten times greater than ours. America is a world leader in technological and industrial progress. She possesses the greatest financial resources of any nation on earth. She is capable of unleashing the world's most powerful and devastating military might. In short, we live next door to an industrial, financial and military giant, one of the most powerful and highly developed nations of the modern world, and forced by these circumstances to assume a role of world leadership and bear a major share of the world's burdens.

Two facts emerge from these circumstances. The first is that while Canada's influence on the United States is understandably limited, United States influence has a profound impact on almost every facet of Canadian life. Canadian cultural and social patterns are inevitably influenced by American radio and television programs which daily fill Canadian airwaves. Most of the magazines and books that we read, the recordings we listen to, and the films we watch, are American productions. The majority of the cars we drive and the appliances we use are either produced in the United States or are Canadian counterparts of American designs. Canada's education system is patterned largely on earlier experiments in the United States. A high percentage of professors in Canadian universities are Americans or former American citizens. The Canadian economy is influenced significantly by economic trends in the United States, and fluctuations on the United States stock exchanges and money markets are quickly reflected in Canada.

The second fact is that because of this imbalance, Canada in some respects has more to gain from good relations with the United States than the United States stands to gain from her relations with Canada. When two nations co-operate in mutual friendship and goodwill, the weaker usually benefits to a greater extent than the stronger.

There are many situations where if necessary the stronger can successfully "go it alone", but this is rarely true of the weaker. For example, the United States could get along without Canada's assistance in such matters as national defence, technological know-how and financial resources. Canada is not in a comparable position and therefore in such matters stands to gain disproportionately from good relations with her powerful neighbour.

Under these circumstances it is fortunate for Canada that there are so many mutual interests which foster friendship and co-operation between the two nations. In the first place, there are strong affinitives which stem from our common heritage. Our basic ideologies are comparable and in many respects almost identical. We share a mutual love of freedom and respect for human dignity. The social structure of both nations is based on the rule of law, the impartial administration of justice and respect and due regard for the institutions and processes of democracy.

The vast majority of citizens in both countries speak the same language and embrace much of the same culture. The economies of both nations have been developed by responsible individual and corporate enterprise and both recognize the superiority of inducement through legitimate reward over compulsory enterprise enforced by an authoritarian state.

We must recognize on both sides of the 49th parallel that these natural ties and mutual interests are not in themselves sufficient to guarantee enduring friendship and co-operation in the turbulent world of today between two nations which in many other respects are significantly unalike.

These natural affinitives need to be strengthened by wise and realistic negotiated relationships in major areas of mutual interest and concern. It is in this respect that the official course Canada is pursuing today in some important areas is unwise and contrary to our own best interests, and in my opinion gives cause for legitimate concern.

Last year the Honourable Mitchell Sharp, Secretary of State for External Affairs, published a set of White Papers on Canadian Foreign Policy. These papers discuss foreign policy from a philosophical viewpoint, but fail to come to grips with the major issues pertinent to strong and mutually advantageous relations between Canada and the United States. Let me quote from the first volume of the White Paper entitled "Foreign Policy for Canadians":

> Externally there is the complex problem of living distinct from but in harmony with the world's most powerful and dynamic nation, the United States. The political, economic, social and cultural effects of being side by side for thousands of miles of land, water and airspace are clearly to be seen in the bilateral context. In addition, the tightly mixed, often magnified and wide-ranging interests, both shared and conflicting, bring Canada into contact with the United States in many multilateral contexts. It is probably no exaggeration to suggest that Canada's relations almost anywhere in the world touch in one way or another on those of its large neighbour. This has both advantages and disadvantages for Canada.
>
> Canada's particular situation requires a certain degree of self-reliance and self-expression if this country is to thrive as an independent state in a world of rapidly-shifting power structures and relationships. This special requirement has a very direct bearing on how the Government of Canada should manage its complex relations with the United States, especially as regards trade and finance, energy and resources and continental defence. The key to Canada's continuing freedom to develop according to its own perceptions will be the judicious use of Canadian sovereignty whenever Canada's aims and interests are placed in jeopardy—whether in relation to ter-

ritorial claims, foreign ownership, cultural distinction, or energy and resource management.

This is all very interesting philosophy, but I submit it indicates no resolve and certainly no sense of urgency on the part of the Canadian Government to develop mutually acceptable positions on matters of concern to either or both nations. The White Paper goes on to advance the theory that Canadian foreign policy primarily should be an extension of domestic objectives, and I quote:

> In undertaking this review the Government has been constantly reminded of its need and responsibility to choose carefully aims, objectives and priorities in sufficiently long and broad terms to ensure that essential Canadian interests and values are safeguarded in a world situation where rapid and even radical changes can be anticipated as normal rather than exceptional conditions. Canada, like other states, must act according to how it perceives its aims and interest. External activities should be directly related to national policies pursued within Canada and serve the same objectives.
>
> In essence, foreign policy is a product of the Government's progressive definition and pursuit of national aims and interests in the international environment. It is the extension abroad of national policies.

In my opinion this is fallacious reasoning. The domestic policy of any nation is developed and implemented within the perimeter of its sovereign right to manage its internal affairs as it decides. When it comes to relations with other nations, this right and the power to implement it no longer prevails. For this reason international relations must of necessity start with a recognition of each nation's right to its own domestic positions and proceed from that point to develop international policies and agreements acceptable to both because they are reasonable and mutually advantageous. Such international arrangements rarely, if ever, can be the mere extension of one nation's domestic policy into the international field.

A second and more serious concern is the emotional brand of negative nationalism that is being fostered in this country today by federal spokesmen and by significant sections of the nation's news media.

Let my remarks on this subject not be misunderstood. I am intensely proud of being a Canadian. With millions of other Canadians I want to see Canada preserved and respected and developed as a strong and independent sovereign nation. I do not favour and would vigorously oppose any form of political union with the United States. I say this, not because of any anti-American sentiments but because many of the goals and aspirations of Americans and Canadians differ significantly. For this reason the divergent goals and aspirations of the citizens of each nation can best be realized by their remaining separate sovereign entities. This position, which I submit is in the best interests of both nations, is in no way incompatible with close international co-operation in matters of mutual interest and concern.

It is disturbing to see this desirable co-operation being prejudiced, and in some cases sabotaged, by those who seize every opportunity to create the false impression that the United States is an international villain with calculated and sinister designs on Canada's independence as a nation. The emotional brand of negative nationalism which is now becoming evident in Canada is largely a backlash generated by this false but widely held impression. Too many Canadian politicians and news commentators seem incapable of discussing Canadian sovereignty except in a context of anti-American sentiment.

America's unquestioned impact on Canada's economy and culture and way of life is not the result of some sinister United States design to interfere in Canadian affairs. It is the natural and inevitable consequence of a young nation with limited human and financial and technological resources living next door to a major industrial and financial and military world power. Because this is so, no amount of vocal sabre rattling about Canada's sovereignty and national identity will have any meaningful effect on the social, economic and financial impacts which invariably stem from our close proximity to a highly developed nation of over 200 million people. The sooner this fact of life is recognized the better, for perhaps we will then stop fighting windmills and concentrate on developing realistic Canada-United States relations which will best serve our mutual interests and enhance the ability of each country to attain its own domestic goals.

May I comment on two or three areas of common concern in which efforts should be made to arrive at mutually acceptable agreements as quickly as possible.

One of these, mentioned in Mr. Sharp's White Paper on Canadian Foreign Policy, is the matter of hemispheric security and defence. Surely this is an area in which an intelligent decision can be reached as to what properly should be the responsibility and role of each nation. Two facts are obvious. One is that the United States in its own interests must of necessity be prepared to repel any attack that might be lodged against any region of North America. The other is that Canada lacks the military resources to defend its thousands of miles of coastline against any major military aggressor. This is something that should be kept in mind by Canadian spokesmen when they are vigorously asserting Canada's sovereignty over Arctic waters.

What we presently possess in the Arctic is paper sovereignty. Suppose for the sake of argument the Soviet war fleet moved into Canada's Arctic waters, precisely what would or could Canada do? It would be no defence to quote the federal statute under which we affirm our sovereignty, or to tell the commander of the Russian fleet that the Arctic waters are ours because the royal family visited the region and our Prime Minister spent a night in an Eskimo igloo. In any real confrontation, paper sovereignty becomes meaningless unless it can be backed up by the physical resources and power necessary to enforce statutory claims to ownership and control. Canada does not possess this military strength, and for this reason if any powerful aggressor ever seriously

threatened our territory we would be dependent almost entirely on the United States for our defence.

This, I submit, is something for Canadians to think about before joining in the clamour of those condemning the so-called American military establishment, or sharing the enthusiasm of those inviting and welcoming United States army deserters and draftdodgers into Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Manning: Obviously Canada should not try to become a military power capable of defending the northern half of this continent, but if we are going to "do our own thing" under the protective shield of United States military strength, surely we have a responsibility to extend reasonable co-operation in matters relating to America's role in preserving hemispheric security and defending the right to self-determination for the peoples of nations in the remaining free world who do not have the military strength to assure that right for themselves. For this reason I most strongly disagree with the Canadian Government's present policy of reducing this country's military strength to insignificance and curtailing Canada's role in NATO and NORAD to a mere token involvement.

Let us now consider for a few moments the matter of Canada-United States trade relations. This is a subject of obvious importance to both nations. Canada is a major purchaser of United States manufactured goods, while the United States provides a market for a substantial volume of Canadian primary products. Many Canadians feel that this country's interests would be better served if we processed more of our raw materials in Canada and exported more finished products, while at the same time decreasing our imports of foreign manufactured goods. This would be an ideal situation, but to attain it would require that we find an effective way to offset the realities of population distribution and geography.

Our relatively small population does not provide adequate markets for mass production of manufactured products, and the vast distances between the location of primary resources and the large population areas of Canada frequently make transportation costs excessive. These disabilities could be offset by higher domestic prices for Canadian manufactured products to permit the balance of our industrial production to be sold in world markets at competitive prices. This course has been pursued successfully by Japan, which is perhaps the leading example in the world today of a nation that imports both raw materials and the fuel and energy resources necessary for their processing, and still competes successfully in selling manufactured goods in competitive world markets.

Would the people of Canada be prepared to pay higher domestic prices to enable this country to become a major exporter of manufactured products? I suggest the answer is no. The attitude of Canadians to the greater domestic utilization of their own petroleum resources is a case in point. The unwillingness of the Canadian Government to extend the market for western Canadian crude oil into the eastern regions of central Canada, through fear of adverse public reaction to even a small increase in the price of gasoline from Montreal east, indicates the Government's belief that Canadians are not prepared to pay higher prices to make possible the greater domestic processing and utilization of their own resources. This position has a direct bearing on United States' reactions to Canada's efforts to market more of our oil in the midwestern States.

The petroleum industry in western Canada has been producing at approximately 50 per cent of its capacity. The vast tar sands reserves of northern Alberta, containing some 300 billion barrels of recoverable oil, remain largely undeveloped, primarily due to lack of markets. At the same time Canada continues to import over 50 per cent of her domestic petroleum requirements. This paradox is due to the fact that production and transportation costs prevent western Canadian oil from competing successfully with oil from Venezuela and the Middle East moved by ocean tanker to markets in eastern and east-central Canada. The mid-central and western United States represent the only other available market for western Canadian crude. To ensure a healthy domestic petroleum industry, the United States has restricted the volume of off-shore oil that can be imported. This action increased the price of gasoline products in the eastern States, which could have been served more cheaply with ocean-borne foreign crude. Canada's present policy is an attempt to gain the best of both worlds. The Canadian Government has consistently declined to place meaningful limitations on off-shore oil coming into this country, because it wants to retain the lowest possible prices for petroleum products in eastern and central Canada. At the same time it is pressing the United States to buy more Canadian crude to ensure the health of our domestic petroleum industry. I submit that this is not a realistic position and therefore not one we can reasonably expect the United States to accept.

More recently, the United States has become anxious to obtain a substantially increased volume of Canadian natural gas. This places Canada in a favourable position to negotiate a Canada-United States trade policy with respect to these two vital energy resources that would be beneficial to both countries. Unfortunately the Canadian Government, at least until recently, has been prone to interpret any request by the United States to discuss natural gas in connection with crude oil purchases as sinister pressure designed to force an international energy policy which might in some way prejudice Canada's independence. In my view, this is setting up straw men and hindering the development of a realistic Canada-United States oil and gas marketing agreement from which Canada would stand to gain more than the United States. I say this because, as far as oil is concerned, while we are wholly dependent on the United States for an export market, the United States has access to other sources of foreign oil to supplement its domestic production.

Finally, let us consider briefly the moot question of United States capital investment in Canada. This is a subject of deep and legitimate Canadian concern. The ideal situation in any nation is for its citizens to own and control their own industrial and commercial enterprises

to the maximum extent possible. In Canada's case the practical problem is our lack of sufficient domestic capital to meet our requirements. We therefore must choose between slower economic growth and the wise utilization of foreign capital. Some might be prepared to accept the lower standard of living that slower economic growth would dictate, but the fact remains that most Canadians undoubtedly want a sustained high rate of economic growth and the better living standards it makes possible. To fulfil this desire, Canada must continue to have access to substantial amounts of foreign capital.

This is a matter in which the experience of the Province of Alberta may be of interest. In the late 1930s the provincial government made a concerted effort to stimulate energy resources development. Serious attempts were made to pursuade financial houses in central Canada to encourage the investment of Canadian capital in the search for oil in Alberta. These appeals met with very little response. At that time the mining industry in Ontario and the pulp and paper industry in Quebec were the main centres of attraction and there was little interest in what was regarded as the highly speculative risks involved in searching for oil in the Canadian west. Failing to interest Canadian capital, the provincial government and the petroleum industry in 1938 sent a joint delegation to England to try to interest British investors in the potential inherent in the search for oil. Unfortunately the time was not opportune. War clouds already were forming over Europe and the Second World War was in the offing. These uncertain conditions deterred any interest that might otherwise have been aroused on the part of British investors. It was at this point the Government of Alberta turned to the United States as a source of investment capital for the development of natural resources of vital importance, not only to the province but to Canada as a whole. The results of the response are now facts of history. Suffice to say, the transformation in Alberta's economy and standard of living which has taken place in the last quarter of a century has been due in no small part to the substantial infusion of American capital that started at that time.

The social and economic improvements which that transformation produced may not appear significant to a generation that has come to regard these advantages as not only a matter of course but of right, but to those who endured the privations of the grim depression years before this development took place, the contrast is seen in a very different light.

At the same time it must be recognized that there are important factors pertinent to the wise use of foreign capital. It must be made clear to foreign investors that they will be expected to be sensitive to Canada's legitimate national aspirations, concerns and interests. As an evidence of such sensitivity they should be willing to accept a minority equity position in Canadian corporate structures and be prepared to enter into joint ventures with Canadian companies rather than establishing new corporate entities in which the majority of equity stock is held by foreign interests. American companies desirous of doing business in Canada should, as a matter of policy, utilize Canadian management and Canadian labour to the maximum extent possible. It goes without saying that such companies should conform in every respect to Canadian domestic policies as evidence of good corporate citizenship.

The Government of Canada on the other hand should drop its negative attitude to foreign capital and should concentrate on ways and means to ensure maximum benefits to this country from foreign investment. We should avoid arbitrary blanket controls of a nature that makes Canada unattractive to international investors. We should not make the mistake of assigning broad regulatory powers over foreign investment to bureaucratic government agencies. We should reject the ill-founded proposition that the Government should restrict the free movement of corporate ownership between nations by erecting statutory "Berlin walls" to forcibly retain such ownership in Canada.

It is significant that those who claim to be the great champions of civil rights and who make the loudest protests against any curtailment of the right of individuals to do as they wish and to move freely and at will between nations, even if their interests are subversive, are the same people who clamour for government restrictions to prevent Canadian citizens from exercising their legitimate right to transfer their joint ownership of a company to foreign investors.

Hon. Senators: Hear, hear.

Hon. Mr. Manning: A nation that professes to be a free society can best retain within its boundaries the ownership of its corporations by means of the same inducements which effectively retain the domicile of its citizens, namely, a social and economic and financial and political environment that makes such domicile or ownership desirable and beneficial.

Above all, our prime objective should be to develop a positive program to encourage and facilitate investment in national economic growth by the maximum number of Canadian citizens. This, I submit, requires two things: first, a tax structure that does not discourage individual Canadian investors or put Canadian companies at a disadvantage as compared to their American counterparts.

This is one of the serious weaknesses of the present Canadian tax structure and of the federal Government's White Paper proposals for tax reform. In too many circumstances American investors and American corporations enjoy greater tax advantages than their Canadian counterparts which has the effect of putting them in a position to outbid Canadian interests in acquiring control of Canadian companies.

Second, if we really want the participation of the maximum number of Canadians, we must take the steps necessary to restructure the traditional procedures used in raising equity and debenture money for corporate enterprise. The present practices provide only limited opportunity and even less inducement for individual investors to get involved. Too often when a stock or debenture issue comes on the market it is tailored to the convenience of the institutional investor. Underwritten issues frequently are placed privately with large institu-

tional buyers and little or no effort is made to meet the interests of small investors and actively solicit their participation. This practice ignores two pertinent facts. First, it is very much in Canada's interest that the largest possible number of individual Canadian citizens have a stake in the nation's industrial and commercial enterprises, especially those associated with the development and processing of natural resources. Second, the millions of Canadians capable of making at least a small investment, if encouraged to do so, in the aggregate represent a vast pool of largely untapped investment capital which could significantly decrease Canada's present dependence on foreign sources.

Some years ago, when the Alberta Gas Trunk Line structure was created to gather and transport natural gas within the province, there was a significant demonstration of the readiness of citizens to participate in a viable enterprise involving their resources, if given an opportunity under circumstances which encourage their participation. Alberta Gas Trunk was set up by a special statute of legislature. It is not a crown corporation and no public money was put into it. The Government required that the equity stock in the company be offered exclusively to residents of Alberta. The share purchase price purposely was kept low to bring the stock within the financial reach of almost everyone. The initial issue was in the aggregate amount of approximately $17 million. The significant thing was that applications for over $70 million worth of stock were received from Alberta citizens.

Such a response certainly proved that small investors, if given an appropriate vehicle, can and will provide vast sums of investment capital for viable projects. We have failed to provide such vehicles in this country as a whole. If this deficiency were corrected, the response of small investors would go a long way toward lessening Canada's present dependence on foreign capital.

I do not regard the proposed Canadian Development Corporation as a desirable or satisfactory vehicle to accomplish this objective. Its employment of public funds will impose additional demands on Canadian taxpayers and the direct involvement of government will make the corporation subject to inevitable political pressures. A preferable alternative would be legislation providing simple regional corporate structures independent of government, and expressly designed to encourage and facilitate maximum local citizen participation in specific enterprises in which they have a mutual interest. Such structures would be a positive approach to greater Canadian ownership of Canadian industry, and could do much to establish and maintain a satisfactory balance between domestic and foreign investment capital.

Let me emphasize in closing that there are no political or economic or financial problems between Canada and the United States which are incapable of solution if approached intelligently and in a spirit of mutual co-operation and goodwill. Instead of magnifying our minor disagreements and exaggerating those routine problems which are normal when a large nation and a small nation live in close proximity, let us thank God that the people of both countries have so much in common. There are no other two nations living side by side anywhere on this earth whose open boundaries and common aspirations and ideals make co-operation and mutual goodwill so natural or so easy to attain. How different the circumstances would be for Canada if we shared this continent with a totalitarian world power dedicated to burying the capitalist system and given to overrunning its weaker neighbours by brute military force. Under such circumstances the international boundary would bristle with tank traps and gun emplacements instead of signs welcoming Canadian visitors as neighbours and friends.

It is my sincere hope that this new decade will see the governments and people of both countries rise above negative and retrogressive nationalism, that our progress in Canada towards true national greatness may be enhanced by wise and constructive relations with our great and friendly neighbour. As a step to that end I urge the Government of this country to undertake without delay a meaningful reassessment of Canada's position in the matter of Canada-United States relations. I ask the Government Leader in this house to bring this request to the attention of the Prime Minister.

On motion of Hon. Mr. O'Leary, debate adjourned.

PENSION ACT AND CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

EFFECT OF DELAY IN GIVING ROYAL ASSENT—QUESTION

Hon. George S. White: Honourable senators, I should like to ask the Leader of the Government if he can now answer the question I asked him on March 31 last as to the reason for the delay in giving royal assent to the act to amend the Pension Act and the Civilian War Pensions and Allowances Act, and if as a result of the two-week delay the pensioners under that act lost benefits for those two weeks.

Hon. Mr. Martin: I think honourable Senator White is quite right in asking that question. I must admit that I had forgotten about it. I shall make enquiries and endeavour to have the answer available tomorrow.

CRIMINAL RECORDS ACT

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hastings that the Standing Senate Committee on Legal and Constitutional Affairs examine and report on the operation and administration of the Criminal Records Act, chapter 40 of the statutes of 1969-70, and in particular upon the operation and administration of subsection (2) of section 4 thereof.

Hon. Earl A. Hastings: Honourable senators, with the consent of honourable Senator Thompson, I ask leave to resume the debate on his behalf.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: It must be perfectly understood that if honourable Senator Hastings speaks now, since he has introduced a substantial motion, his speech now will have the effect of closing the debate.

Hon. Mr. Hastings: Honourable senators, in closing the debate on the motion which I introduced yesterday, I have just two or three remarks to make with respect to the views expressed by the honourable Senator Beaubien.

My first observation is that I do not think in any of my remarks I referred to criminals, as Senator Beaubien seems to have understood. I think he misunderstood what I said. I referred to the treatment of individuals who had at one time or another run afoul of the law, served their sentences and as a result of their incarceration had benefited from their sentence and had resumed worthwhile lives within society. I cannot imagine that in this day and age men who go through that experience and travel that journey should still be referred to as criminals. It is that premise that is causing Canada to have more criminals and more prisoners in proportion to its population than any other country in the world. If we accept that premise, that because you were once in prison a criminal you were, a criminal you are and a criminal you will always be, then, honourable senators, go on building your prisons and penitentiaries bigger and in the wrong places, for the wrong purpose and for the wrong people. Continue to use outmoded ideas of prison reform and Canada will maintain the record of having proportionately more people filling its prisons than any other nation in the free world.

Senator Beaubien also referred to "bleeding hearts," and I make no apology for standing here and being described as a bleeding heart. I told you last night of the work undertaken in St. Vincent de Paul Penitentiary by a group of Montreal businessmen, the Montreal chapter of the Data Processing Association of America. These businessmen take two nights a week to go to that institution to teach men a worthwhile course, to give them confidence in applying for employment, and when they successfully complete that course, assist them in getting employment in industry. These men do this work two nights a week throughout the winter. It is done on a voluntary basis, without pay, and as a result of their efforts, as I told you last night, 29 men out of 30 have been rehabilitated.

So, honourable senators, those men are bleeding hearts, and I will proudly join them. They give their time voluntarily in an effort to help other men to reform, and I will join them at any time. Can any one show me any course undertaken by the Canadian Penitentiary Service or any other program in these institutions that can show that kind of record for returning a man to a worthwhile life and worthwhile employment? As I say, I will join those bleeding hearts at any time.

I will join people like Allen MacLeod, the former Commissioner of Penitentiaries, who time and time again urged former governments to make changes in our penal reform and penal acts and in the treatment of prisoners. I will join bleeding hearts like Justice Ouimet, who studied this whole problem and presented the Government with a voluminous report on reforms and changes needed in the treatment of these individuals. I will join a bleeding heart like Warden Pierre Jutras of Drumheller Penitentiary who as a result of his efforts with these men and adopting new ways of treating men can point to the fact that the men coming out of Drumheller institution have a 20 per cent lower recidivist rate than those coming out of any other penal institution in Canada.

By treating men as men and giving them a little responsibility and challenging opportunities. We need reform or we will have more Kingstons, and I do not apologize to the correction officer in that institution who blamed his difficulties on bleeding hearts and do-gooders.

Honourable senators, I accept the premise that if you treat a man as a man he will react as a man. Treat him as an animal and he will react as an animal, as was vividly shown at Kingston penitentiary.

The motion that I put before the Senate was to give consideration to what I thought was a needed change in the administration of the Criminal Records Act, to accept the premise that to err is human and to forgive is divine, and to stop using the Royal Canadian Mounted Police in the investigative procedure of that act. If I did that, then, as a bleeding heart I have no apology to make.

Motion agreed to, on division.

MASS MEDIA

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE —DEBATE CONCLUDED

The Senate resumed from Wednesday, March 24, consideration of the Report of the Special Committee of the Senate on Mass Media.

Hon. Keith Davey: Honourable senators, perhaps I should begin my remarks by outlining the approach I propose to take. I shall begin with some general remarks about Senate committees, after which I shall say something about the posture of our report. I shall then explain how it was covered by the newspapers and the radio and television stations across the country, and say something about how the media responded editorially. Following that I propose to discuss the actual debate which has already taken place. Indeed, the main thrust of my remarks this afternoon will revolve around the debate on the media that we have listened to in this chamber. I propose to conclude my remarks with a discussion of some of the things that I honestly believe have been accomplished by the committee's report.

In expressing my profound belief in the value of special Senate committees I am not even momentarily downgrading this chamber's pre-eminent legislative function. I find it necessary to say that, honourable senators, because of the dramatic increase in the activities of Senate committees, which prompted one of my colleagues to say almost defensively that our legislative function remains. Indeed it does. I think its value was well underlined in Senator Aseltine's retirement statement when he informed us that the Government had accepted in his time here 1,000 amendments from the Senate.

It should be possible for us to perform this legislative function while doing a still greater degree of effective committee work. This is exactly what is happening at the present time in this chamber. I honestly believe that the Special Senate Committee on Mass Media worked as effectively as any royal commission, and for far less money and in far less time.

It is worth noting in passing that of our carefully budgeted expenditure of $600,000, approximately 50 per cent was used in printing and production. Royal commissions are not, of course, required to publish their evidence on a day-by-day basis. However, I hasten to add that special Senate committees are by no means perfect instruments. May I suggest, therefore, with great respect, one or two ways in which they might be improved.

First, why do we insist on structuring our committees to a comparable size of those in the other place? When our committee was formed the number of senators was less than 90, and yet we insisted upon a membership of 15 and a quorum of five. Surely a membership of seven and a quorum of three would have made far greater sense under the circumstances. So I for one would be in favour of smaller committees.

Most members of our committee, and most certainly its Chairman, continue even to this day to be inundated with letters, speaking engagements, academic interviews and articles to be written. Meanwhile an invaluable staff has disappeared, leaving the senator—and here I speak personally—unable to crawl out from under a mound of priorities. As I am sure honourable senators realize, I personally considered that taking the position of our committee before the people of Canada across the country was worthy of my priority and attention. I can only apologize for articles that I promised and which are past due, for unanswered mail, and for speaking engagements which still await fulfilment.

Secondly, I would make a plea for more help for the committee. Indeed, I would argue for more help for senators generally. Certainly I wish it had been possible for me to retain some of our staff for a longer period. In fairness, I should say that I did not ask that they be retained, but certainly I wish I had.

May I be allowed to say one word about Senate committees generally? I confess that this relates rather directly to the Special Senate Committee on Mass Media. I was very much in favour of the new agency known as Information Canada when it was first announced. I felt at the time that most Government information services could benefit from greater correlation, modernization, a general overhaul and an upgrading and improvement. I still believe this. I did not share, and still do not share, the view of some that Information Canada might become some super propaganda arm of the federal Government or, worse still, of the Liberal party. I can assure honourable senators that, based on recent experience, Information Canada poses no such threat. It is just not that well organized. When it came to the handling of the distribution of our report I must confess that the services of Information Canada were less than satisfactory. I believe that our report was one of the first to be distributed by Information Canada and I would be less than honest if I did not inform the chamber that I was keenly disappointed.

One of two specific examples will make my point. The following letter to the editor appeared in a recent issue of the *Globe and Mail*. I do not recall the date, but it was within the last few weeks. The letter is signed by Michael J. Divers of London, Ontario, and reads as follows:

> Following the publication of the Senate Committee's Report on the Mass Media, Senator Keith Davey urged the public, in numerous interviews, to purchase and read a copy of the report. On the day of publication, December 10, 1970, I sent off an order to the Queen's Printer for two copies of the report. On March 17, 1971, I finally received a reply stating that the report was unavailable and to inquire again in two months' time.

He wrote on December 10, and the first thing he heard was on March 17:

> I finally received a reply stating that the report was unavailable and to inquire again in two months' time. From newspaper accounts of the Davey Report it would appear that all was not well with the industry of the mass media. I wonder if the terms of reference of the Davey Committee should not have included an investigation into the Government's own publishing procedures.

Let me give you another example. This is a letter from a lecturer at the University of British Columbia. A little later in my remarks I will quote the comments contained in this letter, but now let me put this before you:

> The only negative note associated with your Committee's Report is the rather fantastic difficulty we've had procuring copies of it. On the day of its issue Queen's Printer-Information Canada here—

This is, of course, in Vancouver:

> —had precisely twenty-four copies which were, of course, sold out immediately. A concerted phone campaign by me (three times a day for one week) resulted in about seventy coming out later; these quickly sold out and for quite some time copies of the Report simply haven't been available here.
>
> I had the University Bookstore order eighty copies (of Volume One) and the Bookstore was told by Information Canada here that their three-volume sets could not be broken—besides, sufficient copies had not filtered out here from Ottawa to fulfill the order. Therefore we contacted Information Canada in Ottawa and my eighty copies were trucked out here—two weeks later the truck arrived and my students were able to purchase their copies—six weeks after the report was tabled! We're already sold out and I'm afraid my nervous system simply can't take another marathon procurement battle with Information Canada.

Some weeks ago an advertisement of Information Canada appeared in a number of newspapers. I saw it in all three Toronto newspapers, "The rest of the family is coming to Toronto", and the announcement of the open-

ing of the Information Canada bookstore. There are two things that distress me with respect to this announcement. First of all, listed in the corner is "Mass Media, Report of the Special Committee, three volumes $13.50". What is missing is the statement that Volume I is the report, which I would hope most Canadians can read and which can be obtained separately for only $3.50 instead of three volumes at $13.50. If that was not enough, on the day this advertisement appeared in the three Toronto daily newspapers the report was not available at the Information Canada bookstore in Toronto.

I had a really difficult time finding out how many copies have been printed and how many sold. We found out this morning that a third printing of this report has now been completed in response, I understand, to a heavier demand than Information Canada had expected. I do know that a number of private bookstores across the country were in fact prepared to stock the report. They were not, of course, approached by Information Canada. I wonder why? Ultimately a few private bookstores in the Toronto area stocked the report because of my own initiative in making sure they received copies. It is not a very attractive track record and I hope, Senator Croll, that you will not say you have not been warned when the time comes to table the report of the Special Senate Committee on Poverty.

There is one footnote I would like to insert with respect to Information Canada. I was concerned to read the following in the current issue of *Marketing:*

> The Federal Government's proposed advisory board on advertising does not intend to discourage presentations from U.S.-owned agencies with Canadian branches.
>
> Information Canada director-general Jean Louis Gagnon said the function of the advisory panel—to be incorporated within IC—will be to guide government departments in the best possible ad spending direction.

Mr. Gagnon was asked about presentations from U.S.-owned agencies, and he replied:

> If they have the Canadian outlets which can work efficiently and can provide a practical and economic service then they will not be discouraged by our panel,—

I would be curious to learn in time from the Government Leader if the Director-General of Information Canada was speaking for himself or, in fact, voicing Government policy. I hope it is not the latter, given the fact that in the report we dwell on our concern about the Americanization of Canadian advertising.

Let me say in summary that I think Information Canada is an excellent concept. It is staffed, to my understanding, by sincere, capable people who still need, however, to find some way of putting it all together.

Before I turn to the debate in the chamber it might be useful to recall what I conceive to be the posture of our report, and then perhaps turn momentarily to a discussion of how the report has been received across the country. As you know, we really had three concerns. The first of these was to achieve, and find ways and means of encouraging, a multiplication of media voices. We were concerned when our research informed us that 66 per cent of the daily newspapers in Canada and almost 50 per cent of the television and broadcasting stations are involved in some form or other of common or concentrated ownership. As I said many times, I do not believe that most owners and managers of the mass media in Canada lack a sense of responsibility or tolerance for a diversity of views. I do not believe that there is a small group of men who gather for breakfast every morning and decide what it is they will make the Canadian people believe on that particular day. Emotion often outruns the evidence of those who argue a conspiracy theory of propagandists' manipulation of the masses. On the other hand, one reason evidence is so hard to come by is that the media tend to give less publicity to their own abuses than, say, to those of politicians. The media operate as a check upon other institutional power centres in our country; there is, however, no check upon the media.

Just as it is a mistake to overstate the existence and potential for abuse, so in my judgment it is a mistake to ignore the evidence that it has existed.

With that background, as I am sure honourable senators will realize, we proceed to a series of recommendations, which included such matters as a publications loan development fund and a press ownership review board. The first part of the posture concerned ways and means of achieving a multiplication of media voices. Secondly, we wanted to bring forward ideas which would result in an escalation in the quality of all the media voices and all the messages of those voices. I think that inevitably this brought us to a very significant judgmental conclusion with regard to the quality of media voices. What, in fact, is a good newspaper; what is a good radio station; what is a good television station? As honourable senators will recall, we decided that it is one which is preparing its audience for the onslaught of social change. I would like to deal with that in just a moment or two.

However, the committee also believed that freedom of the press must be accompanied by responsibility of the press, the press being the first source of responsibility and the public the second source. Some may argue that if press and public cannot make newspapers perform as they should, then government should intervene to make sure that the press behaves responsibly. A glaring weakness in that theory, however, is that it makes the mistake of invoking government as the guarantor of freedom. Responsibility must come from within and not be imposed from outside.

One thing was very clear from our research, and that was that the media collectively and on the average, because of their profitability, possessed the resources to do much better. As you know, in Volume II we outlined these resources in considerable depth. Canada's newspapers by and large aspire to quality. Where they differ is in performance. If there is a distinction to be made in this respect, it lies in the extent to which commercial considerations affect editorial excellence. A newspaper is a business. It must pay or perish. The desire to make money and the desire to make a good newspaper are not

mutually exclusive, but some publishers are unable, and some are unwilling, to give excellence an equal priority with profit. It is not that the companies are charging too much, but that they are spending too little. One of the most thoughtful analyses I have seen of those sections of our report dealing with profitability of the media is contained in the December 19, 1970, issue of the *Financial Post* and I would like to quote from it briefly:

> Many media men prefer to measure profitability by expressing profits as a percentage of revenue. The Davey Committee report calculated this too—

As most certainly we did.

> —but emphasized return on equity in concluding that newspaper publishing and broadcasting were highly profitable industries.

Then here is the crunch paragraph:

> As the accompanying charts and table show, newspapers and large broadcasters fare rather well no matter which yardsticks are used.

There is one footnote to our discussion of profitability that I would like to deal with in the course of my remarks, and perhaps this is the time. I would like to quote an editorial written by the publisher of the Winnipeg *Tribune*, which appeared in his paper on December 11, 1970. I would like to read the key excerpt. Referring to our profitability comments he said:

> I don't question DBS figures. But I do fault the Davey committee for using them to make a generalized statement which is misleading, to say the least, as far as The *Tribune* is concerned. This newspaper has never made that kind of money.
>
> During the period 1958-65, The *Tribune's* profit as a percentage of equity was less than four per cent. You could do better in a true savings account.
>
> Since 1967, The *Tribune's* profitability has decreased. Last year we lost money and we will this year too. For the first time in many years, The *Tribune* is not able to give its staff a bonus of a week's pay for Christmas.
>
> If Senator Davey had been unaware of our position, his generalization might have been excused. But the committee had the information at least for last year. For reasons of omission or commission—the sins they accuse us of—these facts are not made clear.

I have two comments to make about that charge, and I would like to put them on our record. First of all, we said in the introduction to the report:

> Our relationship with the media has been cordial and upon occasion frank and confidential. That confidentiality has been respected.

Indeed, we did receive from the various newspapers, radio stations and television stations a great deal of confidential information, much of it financial. That information, however, was kept under lock and key at all times. It was coded so that my colleagues on the committee were not aware in detail of its specific contents, or which information related to which newspaper. The material has since been destroyed, and the confidentiality we speak of has been totally protected. Indeed, the figure I was quoting was released by the *Tribune* itself in that article. It seems to me that had we released any of this information, particularly about confidential financial data, we would have failed to keep faith with the people who supplied it to us in confidence that it would not be so released.

Again at page 63 of the report we say:

> There are a number of individual newspapers and broadcasting stations that are having trouble meeting their payrolls. But—

Then the next three words are in italics.

> —*on the average*, media corporations are onto a very good thing indeed.

So, with great respect to Mr. Williams, I honestly do not think the complaint voiced in that editorial holds water.

There was just one other aspect of our posture: First of all, ways of achieving multiplication of media voices; secondly, ways and means of achieving an escalation of quality of the message, the quality of the media voices; and thirdly, a very real concern, not for economic nationalism—which Senator Manning was discussing earlier this afternoon but rather economic nationalism's twin brother, cultural survival.

As I have done so often—indeed, in almost every major city in Canada since Christmas—I would like to put before you the Canadian-American relationship, at least as we conceived it. Certainly in many ways it does not do a great injustice to the remarks we heard earlier this afternoon. I quote from page 11 of the report:

> We all know the obstacles involved in this task. Geography, language, and perhaps a failure of confidence and imagination have made us into a cultural as well as economic satellite of the United States. And nowhere is this trend more pronounced than in the media. Marquis Childs on the editorial page. Little Orphan Annie back near the classified ads. Nixon and Tiny Tim and Jerry Rubin and Johnny Carson and Lawrence Welk and Timothy Leary on the tube. The Beach Boys and Blind Faith and Simon and Garfunkel on the radio. The latest VC bodycounts courtesy of AP and UPI. The self-image of an entire generation shaped by Peter Fonda riding a stars-and-stripes motorcycle. Need we continue?
>
> We are not suggesting that these influences are undesirable, not that they can or should be restricted. The United States happens to be the most important, most *interesting* country on earth. The vigor and diversity of its popular culture—which is close to becoming a world culture—obsesses, alarms, and amuses not just Canadians, but half the people of the world.
>
> What we *are* suggesting is that the Canadian media—especially broadcasting—have an interest in and an obligation to promote our *apartness* from the American reality. For all our similarities, for all our

> sharing, for all our friendships, we *are* somebody else. Our national purpose, as enunciated in the B.N.A. Act, is "peace, order and good Government," a becomingly modest ideal that is beginning to look more and more attractive. *Their* purpose is "the pursuit of happiness," a psychic steeplechase which has been known to lead to insanity.

How did the newspapers, radio stations and television stations across this country greet the report? I think it is fair to say that the coverage, as I am sure you realize, was extensive, and I would dare to believe that on balance it was favourable. Each medium tended, of course, to be rather parochial; that is, the daily newspapers focusing in on the comments we had to make about newspapers, the radio stations concerning themselves with our comments about the radio stations; the weeklies worried about what we said about weeklies; each medium tending, with the exception I suppose of the daily newspapers, to ignore by and large the comments we have made about other media.

I am sure honourable senators will realize that some of the newspapers were extremely parochial in their coverage and in their comments. There was inordinate interest in the very limited box score we supplied to newspaper, radio and television stations across the country.

For example, the Montreal *Star* found it reassuring to assure its readers, in a box on the front page, that the Senate Committee on Mass Media thought the *Gazette* was a mediocre newspaper.

The Vancouver *Sun*, on the day we tabled our report, had this rather astonishing headline:

> Press probe (blush) likes The Sun

And the ticker across the top:

> Aw Shucks, Senator Davey

The leading paragraphs in the story say that the committee recommended that more newspapers in Canada should be like the Vancouver *Sun*—a statement which I have not been able to find anywhere in the report. The interest in this box score phenomenon rather surprised us because wherever we spoke specifically about a specific newspaper or radio station or television station we carefully said that these were examples. It was apparent from the response of the media people across the country that there is a good market for some one, I suppose, annually to probe the reputation of the newspaper, radio and television stations across the country. It would be tempting, indeed.

There is only one comment about this so-called box score that has been referred to by some, which I think I should insert at this time. A great many of the smaller newspapers—those not in Toronto and Montreal—responded by saying: It is fine to talk about the excellent newspapers in Toronto and Montreal, but how can you expect us to be like they are; how can we, for example, perform like the Montreal *Star*?

The answer to that, of course, is that the comparison which should be made is not with some big city newspapers—the Toronto *Star*, the Montreal *Star*, The *Globe and Mail*—but rather with newspapers of cities of comparable size elsewhere in the country, with excellent newspapers, for example, of the kind we have in London, the kind we have in Kitchener, which are examples of excellent small city newspapers.

Television coverage was, of necessity, inadequate. I am talking now not about the response to the report in terms of editorial comment—I will return to that in a moment—but rather about the coverage the tabling of the report received.

Television coverage was barely adequate. Canadian Television did a more effective job than the CBC. That should be said, in fairness. Doug Collins in the new publication *Content* rather effectively summed up television coverage. He said:

> Television's performance was abysmally bad. Neither network gave the report enough space, and with what space it gave, CBC did a worse job than CTV. One would expect more from the public network. But it didn't even have an interview with Davey (CTV did), and it compounded this omission with the gratuitous suggestion that there wasn't too much interest in the report since only twenty or so reporters turned up for the press conference. Obviously, somebody didn't know or care that the multitude arrived at 8 a.m. to get the report and remained locked up with it for six hours. Also, both networks played the Vancouver *Sun*—Charles Lynch game. CBC *had* to mention the great news that if it didn't exist it would have to be invented, and CTV *had* to mention that its nightly newscast was "creditable".

I do not think we could seriously expect that television, in the nature of that medium, could cover this kind of document in a way that would be meaningful.

As I am sure you will realize that in order to understand the report properly it really must be read. However, before I leave television, is it not a mind-boggling thought to realize that it is clear, in one of these studies in Volume III, that for the majority of Canadians, television is the first source of finding out what is happening in the world.

I wonder if these people regard themselves as well-informed citizens of Canada. I am sure most members of this chamber will realize, it has not been roses, roses all the way, all the editorial way.

Before offering the following observation, I want to stress that I have absolutely no quarrel with the editorials written in a free press and a free society by people who are outraged or outrageous.

In any case, most editorial writers across Canada retained their dignity as well as their equilibrium. However, those who did not, I am confident, will get their second wind and look at themselves, as well as at me, critically.

Halifax understandably has been an especially interesting case in point. I have here the December 10 front page of the Halifax *Mail-Star*. As you will see,

there is an editorial running the full length of the column, down the left-hand side. I promise I will not read all of it. One or two quotations will make the point. It says:

> The report of the Special Senate Committee on the Mass Media contains a harsh, unfair, unsubstantiated and often vicious attack on the *Chronicle-Herald* and the *Mail-Star* . . .
>
> Nothing in the committee's report, least of all its plethora of cheap, offensive rhetoric and Madison Avenue jargon, will divert us from this purpose . . .
>
> In a free enterprise system, to which Senator Davey may or may not be dedicated, newspapers, like magazines, are either profitable, or they cease to exist. Under a different system, in which journals are subsidized by the state—there exists plenty of examples of such government-aided newspapers, in countries such as Russia.

You get the idea. It goes on, in similar vein. Fair enough. That is editorial comment.

The *Chronicle-Herald* returned the very next day—

Hon. Mr. Isnor: That is the evening paper.

Hon. Mr. Davey: That is the evening paper, but the same editorial was in the *Chronicle-Herald.* It was in both papers. The same day the *Chronicle-Herald* returned to the fray, this time not in editorial comment but rather in the news pages. And this is a front page which I will treasure and treasure always. It was in the left-hand corner. Senator Cameron can see it. There is a story headed by pictures of three people—Spiro Agnew, Martha Mitchell and me. It was rather stunning indeed.

There is a story in the centre of the page of the *Chronicle-Herald,* which reads: "Senate star Davey cut after 54 days." That of course refers to my career in professional football, when I served as Canadian football commissioner for 54 days. I should add that Halifax was not alone in drawing attention to my career in football. Even the august Hamilton *Spectator* had the same thing in an editorial which appeared on December 12: "The Davey Burlesque". It begins with a comment:

> The reaction varies from disappointment to amusement, and even contempt. Perhaps a few excited yawns.

This refers to the reaction of the staff of the *Spectator.* My friends at the *Spectator* tell me that the editorial was written by the publisher himself. He was yawning so hard that he wrote the longest editorial in the history of the *Spectator.* It also says:

> Davey then got the $30,000 a year job of Canadian Football Commissioner, which lasted for 54 days. The press had a good deal of fun with this, which enraged him. Davey by then had achieved the reputation of a clown prince of failure.

That was written by the publisher.

One more football editorial would make the point, but I am not sure that my career in football was germane to the discussion. Listen to this one:

> Senator Davey's performance in the Senate seems to be as disastrous for the integrity of that body as his brief commissionership of the Canadian Football League promised to be for Canadian football. Unfortunately, it's more difficult to get rid of an inept senator than it is to induce the resignation of an erratic football commissioner.

That is from our friend Ron Gostick up there in Flesherton.

Honourable senators, so much for coverage. What was the reaction of the media? When one asks that question, one almost immediately asks, how did the daily newspapers respond? But of course there are many other measures of how the media responded, and while I want to look at the daily papers let me for the moment look very specifically at the weekly press.

Here is an editorial from a specific weekly paper that I will burden you with. It is from the January 14 issue of the *Huron Expositor* of Seaforth, Ontario. The editor is Andrew Y. McLean. It reads:

> The report of the Special Senate Committee on the Mass Media provides emphasis on the problems facing the weeklies at a time when the weekly industry is undergoing more changes probably than at any time since William Lyon McKenzie published his *Colonial Advocate* in Toronto more than a hundred years ago.
>
> While a relatively small portion of the report is devoted to weeklies the conclusions which are reached suggest a sympathetic and informed knowledge of Canada's community newspapers as excerpts from the report which appear on page 10 of this issue indicate.

This editorial concludes:

> The Senate committee report serves a most helpful purpose not only in highlighting the changes that are occurring but also emphasizing the role of the weekly and the significant community contribution it makes.

Honourable senators will be interested to know that the publication of the Canadian Weekly Newspaper Association, the *Canadian Weekly Publisher,* devoted almost its entire issue of January 1971, to comment on and coverage of the report of the Special Senate Committee on Mass Media. Indeed, the actual section of the report dealing with weeklies is reprinted in its entirety. I will read you only a sentence or two from what was written by the President of the Canadian Weekly Newspaper Association, Mr. Charles Hawkins. Here is the way he began his comments in this report:

> CWNA's self-analysis brief to the Senate in 1970 and their revealing views about the state of the weekly press in Canada was the greatest thing that happened to us in several years.

> The Senate report devoted several pages to the community press. They were critical of CWNA in certain areas. But let's not be like so much of the fourth estate today, particularly the daily press which when under criticism always wants the last word in self-defence.

What analysis of comment of the weekly newspapers across Canada could be complete wthout some reference to Ma Murray? I have here the December 17 issue of the *Bridge River-Lillooet News*. As some of you no doubt know, each issue of this paper has in the centre of it an editorial entitled "Ma Says". In this particular issue Ma was talking about our report. Before she came to the nub of her remarks she gave this lead:

> According to the Senate, it's the people of Canada who let the press 'let them down'. Report good, but won't help, now the barn door is locked. Senate now takes the cue. God knows there's lots more to investigate.

This is a long article and I will read only the opening paragraph or two. It says:

> For 50 years, the public of Canada have been condemning the Senate.
>
> The Senate, or Upper House means just that; to hold a brake on democratically governed people—and thus it had a reason to be there.
>
> We'd say, that the recent Senate committee on the mass media of the country ought to whittle a decade of criticism off that august body for doing it.
>
> The last 25 years, there's been out and out blackguarding of the Senate, partially sparked by the Socialists, but pursued by the press.
>
> Now the Senate can go on and investigate other abuses of public interest and not blush for the audacity of attacking something that is cheating on the confused and distracted people of Canada.
>
> Canada is not the only country that has let the reins of government get wrested out of the hands of the people. The people let themselves be hoodwinked out of a natural heritage when they let greed and avarice hide the real objective of democracy.
>
> This Senate committee was headed by Keith Davey, a youngster in the realms of the Senate procedures, but young enough to see and courage enough to admit that there was a great need for the public eye to be turned on his own profession, the press!
>
> It took a year to compile the Senate press report and anyone who listens or reads is now hearing a good deal about it. It cost the people a couple million, maybe!

Ma's estimate is about four times too high.

> It is bulky and will be no best seller but the virtue of it is the Senate had enough fortitude to act, and only the Government could draw such information out of the tycoon-publishers and get away with it.
>
> Regardless, well intended and now completed, the media report is too late to correct much of the iniquity now entrenched in the press and electronic distributors of the news. It was costly perhaps but not in vain, as well as the Senate now finding a use for itself. This investigation should agree with every taxpayer and should not now stop. The Senate can engage in many such public services and find out what makes the system tick and this would justify the Senate in the public mind. The people cannot abolish the Senate, tho to read the critics, it would seem a push-over. In the implementing of democracy, the Senate will have to remain.

I was grateful to Senator Yuzyk, who took the section of the report dealing with the ethnic press and had it specially prepared and distributed to every ethnic editor in the country. I am sorry he is not present this afternoon.

Hon. Mr. Martin: He is at the meeting of the Special Joint Committee on the Constitution in Montreal.

Hon. Mr. Davey: I hope he will learn of my remarks.

Honourable senators, one measure of daily newspaper thrust and acceptance in Canada is the fact that most Canadians still look first to the written press when it comes to measuring any kind of editorial response. How did the daily newspapers treat this committee editorially? First of all, they were more favourable than you might have imagined. Perhaps, I could give you one or two examples, because for the most part it was judged to have been a useful exercise. One or two quotes will suffice. The Calgary *Herald* on December 10, 1970, had this to say:

> No reasonable person can object to constructive criticism and advice from responsible quarters.

On December 10, 1970, Christopher Young of the Ottawa *Citizen* put it this way:

> It is good to have our shortcomings and failures set down by objective men who sympathize with our problems, share our goals and seek what we seek: a better performance in the public interest.

The Montreal *Gazette* of December 11 states that the report was presented in the spirit of constructive criticism.

Claude Ryan of *Le Devoir* wrote on December 12 concerning our report, but I do not have the English translation and I should not like to attempt the French. Let me just say that Mr. Ryan had many favourable comments to make about the report, its timing, and its value.

Hon. Mr. Martin: May I ask Senator Davey a question? He mentioned Claude Ryan of *Le Devoir*. I understand that in the Province of Quebec a press council has been or is to be formed. Can Senator Davey say whether there is any relationship between that and the views of the Special Senate Committee on Mass Media?

Hon. Mr. Davey: I thank Senator Martin for his question. A press council has in fact been formed in the Province of Quebec. With Senator Martin's forebearance I will continue my present remarks and turn to that subject in a moment.

The Vancouver *Sun* on December 11 remarked that the committee was to be commended for the scope of its job and the speed with which it discharged it. An editorial in the Edmonton *Journal* of December 11 said:

> Exhortations about improvement of the press by the press are salutary.

The editor of the London *Free Press* wrote as follows:

> The Uncertain Mirror, however, is an excellent short course in journalism. Most of journalism's faults are laid bare, but fortunately the writers and those who approved it also mentioned the good points, too.
>
> If you spend $3.50 and read it, you'll be in an even better position to argue with newspapermen or broadcasters you know.

Gerald Waring of the Vancouver *Sun* on December 16 said:

> —valuable as a social and historical work, as a documentary on the ways the media function at this stage of our social and national development—The Senate has held many inquiries over the years, but with rare exceptions it has not paid much attention to the question of how well specific industries and professions meet the needs of the society they serve. This is what the media inquiry does, and in fathering this probe, Sen. Keith Davey must have set a pattern for further Senate inquiries of vertical rather than horizontal nature.

The editor of the Woodstock, New Brunswick, *Bugle Gazette-Times*, Mr. Frank Withers, in a letter to the editor of the Saint John *Telegraph-Journal*, said:

> The best evidence of the need for the media inquiry was the improvement in the Irving papers since the inquiry started.

Needless to say the style of the report came in for a great deal of comment and was almost universally praised. The only negative views came from the Halifax *Chronicle-Herald* which described the report as being "turgid". But most people liked the welcome change from Royal Commission prose: "vivid style", (Ottawa *Citizen*, December 19): "catchy reading, full of phrase-making and bon mots", (Michael Harrington in St. John's *Telegram*): "le ton, précis, direct—le style, vif, parfois cavalier", (Claude Gravel, *La Presse*, le 12 décembre): "readable, mod-mod report", (Anthony Westell, Toronto *Star*, December 10, and the *Star* itself said:

> The style is never less than clear and direct—the better to puncture the pieties and platitudes of media owners—the pace is sprightly, and the tone ranges from urbanely tolerant to downright scathing.

Dalton Camp, writing in the Toronto *Telegram* of December 14, said: "The writing style is contemporary and remarkably readable," though he called the report "probably the first of its kind to be praised for its tyle and damned for its content."

Senator Martin asked a moment ago about press councils and I shall come to that subject in a moment, but I want to tell you first of the reaction of the press of Canada. Reaction ranged from enthusiastic support, through "yes, but," to "no way," but without predictable division into the respective groups. Those in favour of such a move were the Edmonton *Journal* of December 11:

> —such a council in Canada, free from government influence, would be a useful experiment. It could be a safety valve for citizens who felt they were seriously wronged in the press and probably could do constructive things for the profession.

The editor of the Winnipeg *Tribune* wrote also on December 11:

> I feel strongly that readers and the public in general should have a forum for voicing their complaints and dissatisfaction with the newspaper. By the same token, the newspapers would have a forum in which to show that many of the complaints are groundless or based on misunderstanding.

Then on December 21 the Windsor *Star* said the following!

> The Windsor *Star's* brief to the Davey Committee on mass media, presented more than a year ago, traced the development of press councils back to 1916 in Sweden, explained their function, and suggested three levels of council: local, provincial and national. The section of the brief which discussed press councils ended with this statement:
>
> "The responsible newspaper has nothing to fear from any press council, government agency or public opinion in a democratic society."

Hon. Mr. Martin: You took that from a good paper.

Hon. Mr. Davey: I know it is highly regarded by some of my colleagues.

The main condition sought by the newspapers which were doubtful about a national press council was, of course, that such press councils should be set upon a regional basis. This view was expressed in the Toronto *Star* of December 10, and I quote:

> —because of differing journalistic traditions in English—and French-speaking Canada, press councils would better be organized on a regional than a national basis . . . this venture in press self-discipline is overdue.

Again the regional view was upheld by the Calgary *Herald* on December 11, the Montreal *Star* on December 11, and the Winnipeg *Tribune* on December 11. Three Quebec papers, which stress the fact that the province has already agreed to set up a council, agree with the regional basis. These were *Le Soleil, La Presse* and *Le Devoir.*

Suprisingly enough, our proposal for a press ownership review board found support from the press. The Ottawa *Citizen* of December 10 finds it "a positive proposal," which would provide "machinery at once more specific and more flexible to deal with the special problems of press ownership than that which is now available under the Combines Act". The *Globe and Mail* of December 10 finds the recommendation "a good one", and Claude Ryan was in favour of this particular recommendation. The Toronto *Star* of December 10 explains its support in the following terms:

> The proposal—does not stem from any conviction that chain newspaper ownership is necessarily bad. The committee finds the arguments for and against chains very closely balanced, and believes as the *Star* does that a chain newspaper is better for a city or town than no newspaper at all (which is sometimes the alternative).

As far as our recommendations on *Time* and *Reader's Digest* are concerned—and with which I shall deal in some detail in just a few moments—the Toronto *Telegram* was one of those who came out flatly against curtailing the advantages, though the discussion on this issue was not widespread, and carried three items dealing with it. It is a curious posture for the *Telegram* when one considers the position on broadcasting taken before the committee. However, Ron Haggart and Dalton Camp both commented favourably on removing these privileges.

Our recommendation, however, was endorsed by the Edmonton *Journal* of December 11 in these words:

> Many feel that this would give Canadian magazines a new opportunity to get on their feet and this newspaper has supported this position.

This particular recommendation was also supported on December 11 by the Ottawa *Journal* in the following words:

> But in general there is a welcome atmosphere of help for the underdog in the report. We admire its endorsation of Grattan O'Leary's support nine years ago of small Canadian magazines against *Time* and *Reader's Digest.*

The Calgary *Herald* of December also supported our recommendation in these words:

> The committee is on more solid ground in advocating removal of special tax privileges for *Time* magazine and *Reader's Digest*—certainly, this form of competition for Canadian advertising dollars can be considered inimical to successful domestic magazine publication.

Needless to say the Toronto *Star* supported the proposal for their oft-repeated nationalistic reasons, both in their main editorial on December 10 and again in a special editorial on December 14, but the *Globe and Mail* came out particularly strongly in favour of this recommendation, not for nationalism's sake, but "to attack special privilege". They have, they say, fought these privileges since they were first proposed, and feared that the measures would be ineffective. They quote the following figures in favour of their argument:

> Ten years ago *Time* and the *Digest* accounted for 43 per cent of the advertising revenue received by all major consumer magazines in Canada. By 1969 they had built their share up to 56 per cent. And it wasn't just the national Canadian magazines that were under fire. *Time* was publishing 12 regional editions on a regular basis, so that it was skimming off not only national advertising but local advertising that might have gone to regional Canadian magazines. The legislation designed to protect Canadian magazines had been vastly more effective in protecting *Time* and the *Digest*. Indeed, by executing their U.S. competitors, it had placed them in the unique position of being the only magazines in the country which got most of their editorial matter cheap, from across the border, and thus were in a unique, preferred position to compete with Canadian magazines. To oppose this was not to favor nationalism but to attack special privilege.

That, of course, could be considered an example of some of the more positive newspaper editorial comment from across the country.

I wish now to turn to the debate on this report which has already taken place in this chamber. I intend to comment specifically on some issues and some speeches, and most especially those that were critical of the committee or of its recommendations. I will content myself with only three general observations. The first is comment on the quality of the debate in this chamber.

As far as I am concerned it has been most encouraging. Keen insight into the workings of the media has been evidenced by many speakers. I was also encouraged by the degree of involvement. About 20 per cent of our membership have participated in the debate. I am also extremely grateful for the many generous remarks which were made in my direction.

I wish Senator Flynn were in the chamber. Perhaps Senator Macdonald will assure him that I was flattered by his description of me, of which he has the copyright, as a slave driver.

I have read each speech given in the debate and I have read most of them several times. Although it is tempting to comment on each speech, this obviously would not be possible. Senator O'Leary is well aware of my profound respect for him. I have mentioned it on a number of occasions and in a number of places. Also, although he may reject it on the spot, he has my affection. For that reason I was especially pleased that he began his remarks in the debate in the way that he did. I remind the house of what Senator O'Leary said in his opening remarks:

> —my first word must be to say that I think on the whole, the inquiry undertaken by Senator Keith Davey into the Mass Media has been a good thing. I think it has been a good thing because, on the whole, it rescued the press from a state of complacency and euphoria in which it had dwelt all too long. Socrates once said that the unexamined life was unfit to be

> lived. That applies to the communications media, to organizations as well as to individuals.
>
> I am afraid that as a journalist I have to say, quite frankly, that in my view the press of Canada has been living an unexamined life.

Certainly that statement, as well as any other, explained our purpose. I think that in a sense it also confirmed the reason for our existence. Senator O'Leary took eloquent issue with two of our central recommendations, each of which I now propose to discuss for a moment.

After conceding, on page 416, that "I do not think that a lot of amalgamations are a good thing," he then went on to reject our proposal for a press ownership review board in these words: "Surely the anti-combines legislation should cover that".

Well, that fairly well sums up the publisher position on this question of concentration. It fairly well sums up the position which has been taken by any number of publishers across the country. We asked the same question of almost every media owner in Canada who appeared before the committee: "How much is too much?" At the hearings there was, of course, no clear agreement as to the amount. No one advanced a tentative formula, but one thing did happen. Practically all of the media owners who appeared before the committee conceded that yes, there were in fact some points on which common ownership was no longer in the public interest, and yet most were prepared to concede that this ongoing trend towards concentrated press ownership was in fact a problem.

Our Committee did make a recommendation which was not a pat mathematical formula which we rejected as an approach because it was incompatible with the reality of Canadian economics and geography. We proposed an *ad hoc* solution: a press ownership review board, whose criterion should be that all transactions to increase common ownership in the mass media are undesirable and contrary to the public interest unless shown to be otherwise.

Very few publishers agreed. Most did not. Most took the position described by Senator O'Leary, the majority favouring some form of application of the existing combines legislation.

It seems to me that there is one thing basically wrong with the existing combines legislation as it relates to newspapers. Simply stated, it is a fact that it has not worked. That is apparent by the very extent of existing press concentration in this country. The press ownership review board might not be an ideal solution. I am not married to that concept, nor are the members of the committee. However, I am vitally concerned about solving the problem by means which are preventive before the fact rather than—as applies with the existing legislation which does not work anyway—punitive after the fact. Perhaps, as Senator O'Leary went on to suggest on page 417, the anti-combines legislation should cover that, and if it does not it should be amended. Perhaps that is the solution. Perhaps the existing legislation should be amended to produce a workable format.

The point that we wished to register, and I should like to underline it here today, is that the time has now come for action in this important area.

Both Senator Walker and Senator McElman asked me a question relating to retroactivity. If they will bear with me for a few moments I will refer to that when I discuss the magazine industry.

Almost all honourable senators who addressed themselves in the debate to the issue of a press council were in favour of it. However, Senator O'Leary was not. At the risk of repeating some of the arguments that were extremely well advanced by our colleague Senator Petten, I should like to say a word or two about the idea of a press council.

Such a council would have two great virtues. It would serve as a watchdog to monitor the press in much the same way as the press now monitors society. An incidental value would be that for the first time journalists and publishers would come together on a more or less regular basis to discuss something other than monetary matters, something other than salaries, as is the case with the working press; something other than advertising revenue in the case of the publishers. They would discuss standards, ethics, professionalism and quality. The press council would consist of publishers, working journalists and media consumers. There would, of course, be absolutely no government involvement. I repeat that there would, of course, be absolutely no Government involvement. This fact was very clear in our report, so I was astounded when Senator O'Leary said he would be very much opposed to the idea of a press council with Government involvement. So would I, Senator O'Leary; I would object as strenuously as you. However, it is important to understand that it is not the nature of our proposal; there would be no Government involvement in the press council.

Between the kind of petty grievance that can best be redressed by a letter to the editor and the major complaints that are better adjudicated by the courts, there is a large area of medium-sized problems where a press council would be most effective. Regretfully, however, many publishers, but by no means all, continue to reject even this minimal degree of reader involvement in their activity. A great part of this comes from one city where they should know that if a newspaper treats badly or harasses its readers there is practically nothing they can do about it.

One of the more familiar arguments advanced by publishers before the committee in opposing the press council was the contention, which is at variance with the fact, that the Press Council in the United Kingdom has not been very effective. Kenneth Bagnell, editor of the *Globe Magazine*, asked the other night on television where have mediocrity and superficiality gone in the United Kingdom now that there is a Press Council. In fact they have not disappeared nor will they in a free press operating in a free society but they are less, and make no mistake, for public credibility as between readers and the media in the United Kingdom is far greater. I should add that is a first hand impression gained in the United Kingdom last spring. Several of us were over there; we spoke to pub-

lishers, journalists, politicians and people. There seemed to be a uniformity of opinion that the Press Council had significantly improved British journalism.

I well recall, as I am sure Senator Petten will, the day that we had lunch with Lord Thomson in the dining room of the *Times*. Lord Thomson, whom I had known in Canada in his earlier days as a friend, was indeed a gracious host. He received us very well indeed. I remember when the luncheon was over and the plates were pushed back the discussion began and Lord Thomson said, "I know why you fellows are here. We want to give you some of our views and ideas. First of all, this idea of a press council is utter nonsense. Surely you are not going to propose that for Canada? It has not worked here." There were 18 of his colleagues present. He asked the gentleman on his right, whose name I do not recall but who was a senior person in the Thomson organization, if he agreed, and the reply was, "No, Your Lordship; I do not agree. I think the Press Council in the United Kingdom has been singularly effective and welcome." The other gentlemen present disagreed with his Lordship, and each said that the press council has been effective. Lord Thomson, of course, calmly picked up the ball and said, "You see, senator, that demonstrates the freedom of opinion that exists within this organization." Indeed it did, but it also was a further demonstration that most journalists in the United Kingdom think that that particular Press Council does work.

We say at the completion of the section of our report which deals with press councils:

> A sensible place to begin would be at the next annual meeting of the Canadian Daily Newspaper Publishers Association.

That meeting, of course, is taking place this very week. The paragraph continues:

> The better financed such an organization is, the better are its chances of achieving something. We have already noted that Britain's Press Council operates on less than $60,000 per year. We hope the Canadian industry—whose daily-newspaper members in 1968 had total revenues of $295 million—can find it in its heart to do a little better than that.

As I say, the meeting which is now taking place in Toronto, about which I will speak in a moment, may in fact make progress in this direction. If it does not, then the ball will be back in the court of concerned Canadians such as the Consumers Association of Canada, who may very well take this kind of important initiative.

Senator Desruisseaux, whose absence I regret and acknowledge, is, of course, a gentleman in every sense of the word. He is understandably one of our most popular colleagues. He is able, articulate, informed, a friend of each one of us, and I certainly know that I am included. In this debate he delivered one of the most widely publicized of his speeches in the Senate, and one of his most intemperate. At page 427 of the *Debates of the Senate* Senator Desruisseaux is reported as follows:

> The report on mass communications is, as Michael Barkway said, glib, wordy and subjective.
>
> Many Canadians have said there are questionable sweeping judgments on some ill-defined criteria, with little stated evidence. Men in the trade, including many serious journalists and experienced administrators, brand it, as have some other Canadians, irresponsible, amateurish, self indulging, tacky and flabby, lacking of discipline, purely subjective judgments, pretentious, pseudo-mod, and ghost pop writings.

I trust that honourable senators will understand, as the honourable Senator Desruisseaux will when he reads my comments in *Hansard*, that while my response is as tough and frank, I can assure you and Senator Desruisseaux that it will be no less cordial.

One of the causes of the senator's unhappiness derives from the fact that he was taken off our committee. He says so in so many words in his speech. Not so much that he was removed from the committee, but that he heard of it not from the chairman of the committee but from a third party—another senator. Not seeing Senator Desruisseaux at the time was, of course, unforgivable, although I did try to see him. Of course, he will know the difficulty each of us has had in getting together during the ensuing months. There is no excuse for not notifying Senator Desruisseaux personally of our decision. I can only apologize which, of course, I do. However, I most certainly do not apologize for the fact that the senator was removed from the committee, notwithstanding his solid background in media. Indeed, this self-same solid background in media was substantially the reason for his removal.

Let me explain. Very early in our deliberations, indeed before our hearings even began, the committee, for practical reasons, was reduced from 18 to 15 senators; three had to leave. While I concede that the senator's admitted expertise in media would have been useful on our committee, one rule of the Senate was explicit and very clear. Rule 84, which has since been amended, at the time read:

> No senator who has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown, in the inquiry to be entrusted to any Select Committee, shall sit on such Committee, and any question of interest arising in the Committee may be determined by the Committee, subject to an appeal to the Senate.

In the course of the debate Senator Desruisseaux confirmed, as we knew at the time, that his one-time extensive media holdings had been substantially reduced, but at least a limited amount of what he has since divested himself did in fact remain. We had access to the Parliamentary Guide at the time, which listed, I believe, four separate media involvements of the senator. Perhaps some would argue, and perhaps Senator Desruisseaux might argue, that some fine question of timing entered into the picture, some determination of which media interest was dropped and when. Frankly, some of us felt differently.

First of all, given the nature of the study, what was the fact also had to appear to be the fact. Whether or not committee membership would have embarrassed

Senator Desruisseaux was no doubt a decision he would have to make, but it was for us to determine how objective could be the insights of someone who was surely in a unique position, someone whose extensive media holdings had relatively recently been sold into an even more extensive media empire.

Our decision is a matter of record. So is my observation that although Senator Desruisseaux was not a member of the committee, he was free to attend our sessions and to speak at our sessions. To my recollection, he attended only once, and then he remained silent. In any event, there is one virtue in all of this. Senator Desruisseaux has been able to say, as he did in his speech in the chamber, the fact he had not been on the committee left him "freer to comment on this report, without being taxed with being an associated party in any way imaginable", and he said he appreciated this.

Let me then turn to the substance of the senator's remarks. In the circumstances, I shall ignore Senator Desruisseaux's apology for everyone from Lord Thompson to the Halifax *Chronicle-Herald*. Clearly we disagree; it is as simple as that. I have the greatest of respect for Senator Desruisseaux. Simply stated, it is an honest disagreement.

So, no doubt, is Senator Desruisseaux's disagreement with Senator O'Leary. Listen, if you will, to two quotations. Here is Senator Desruisseaux, at page 431 of the Senate *Hansard:*

> I have participated in all the activities of the press and the broadcasting industry. I have attended their meetings, taken part in their discussions, and reports, and the studies of their national associations, over a number of years, and I certainly cannot agree to such views as those contained in the committee's report.

Contrast that with the comment of Senator O'Leary in his opening statement:

> I have attended many meetings of editors and publishers, mainly held once a year, and what you got from such a meeting was a pentecostal feast of self praise, a sort of mutual admiration society. If they admitted to guilt at all, they swept everything under the rug of venerable and sanctified cliché about the freedom of the press.

There are two positions as to these meetings—the position of Senator Desruisseaux and the position of Senator O'Leary. Clearly the majority on the committee supports Senator O'Leary's position.

On another matter, I should like to quote Senator Desruisseaux at page 431 of the Senate *Debates*. Turning to the substance of his remarks, he said:

> At one place in its quest for excellence the committee's standard for judging performance is said to be this: How successful is that newspaper or broadcasting station in preparing its audience for social changes?
>
> With some serious members of the press I question whether this is an adequate approach.

After some fanciful use of weapon words like "mould" and "brainwash", Senator Desruisseaux comes on to complete his position thusly:

> It is the function of the press and the function of broadcasting to assure freedom of the views of its public in the light of faithful, truthful and completely reported events from everywhere in the world.

No one could disagree with that position, but surely honourable senators there is something more. Surely, any newspaper worthy of the name must perform thusly. Surely these are absolutely rock bottom minimal requirements, and surely such obvious minimal requirements are not those against which we should measure performance and quality. Change is ubiquitous; the velocity of change engulfs us all every day. Indeed, one of the things that has happened in the past 24 hours, one of the facts of the past 24 hours, is change.

I want to be very clear on one thing. Our report says:

> To insist that this is the media's main job is not to suggest any built-in bias for or against any notion of progress.

I thought Senator Prowse said this simply and effectively when he spoke in the debate as follows:

> Let me now deal with that phrase that has been the subject of discussion. What is the responsibility of the newspaper to prepare people for change? To prepare a person for change does not mean that you have to advocate the change which may be coming; but, surely to goodness, if you are running a good newspaper you have a responsibility to let people know that change is about to take place.

In my view, our colleague Senator Stanbury effectively summed up the entire argument in this rather compelling statement at page 462 of the Senate *Hansard*:

> Change need not be feared if it is understood, but if day after day we are assaulted with the news of violent events which we have not anticipated or whose causative factors have not been explained, we can hardly expect to avoid the feeling that events chase each other across our lives without rhyme or reason and are so far beyond our ability to affect or control that we might just as well lapse into apathy or seek change or authority through violence.

Honourable senators, Senator Desruisseaux also had much to say about broadcasting; much about the CBC, which he does not like. I shall return to the corporation in a moment, but first of all I would make a point that I think is self-explanatory. Senator Desruisseaux at page 430 said:

> I would have appreciated analyses and more particularly recommendations with regard to another problem of unpleasant competition by the hundreds of American radio and television stations all along the 4,000 miles of the Canada-United States border.

That particular recommendation is, of course, made specifically, and in some detail, at page 209 of the report.

The very recommendation Senator Desruisseaux says he wishes we had made is, in fact, contained in the report.

Senator Desruisseaux also made the point that he did not like the idea of the Canadian Association of Broadcasters finding it necessary to correct the facts and figures in the documentation on profitability contained in our report. The senator had received a release from the Canadian Association of Broadcasters, and he was appalled to think that the CAB had to correct the facts and figures contained in our report. Indeed, I had the same report that was put out by the CAB that Senator Desruisseaux had. Of course, the answer is very simple. We were talking about two different years. This CAB document, in fact does not in any sense indicate it quarrels with the facts and figures contained in our report, but the document which Senator Desruisseaux referred to in this chamber, was for 1969. The base year in this particular report, analyzing the media industry, is 1968. So of course we are talking about two different years. There is no conflict at all: there is a simple misunderstanding. I think Senator Desruisseaux felt he had a point, maybe a debating point, maybe more than a debating point. In the chamber on that day, and again on a subsequent day, he promised to supply me with information which would demonstrate that our figures on profitability are incorrect. It should be a matter of record that I received no such documentation from the honourable senator. I do not quarrel with that. I think there was a simple misunderstanding.

Senator Desruisseaux does not like the CBC. For that matter, as is well known, neither does my friend Senator Beaubien. I would digress momentarily to say that no committee chairman has ever had a more co-operative deputy chairman than I had in Senator Beaubien. Our association was close, far closer of course than had been possible prior to the committee's formation. In that friendship both Senator Beaubien and I agreed on almost everything, but not quite. One of the happy by-products of the committee has been my closer association with him.

Honourable senators, Senator Beaubien, like Senator Desruisseaux, does not like the CBC. For that matter, neither does my seat mate, Senator Sparrow. Neither do a lot of other senators, judging by the debates we have listened to in this place.

Of course, the corporation has always been fair game for members of this chamber. Senator Sparrow even suggested that members of Parliament—members of the other place and members of the Senate—should sit in judgment as members of the CBC board. That one was too much even for the Canadian Association of Broadcasters. They did not even include it in their February 17 multi-thousand word précis of this debate. It was really, more accurately, a précis of the remarks made in this chamber by Senate Desruisseaux.

This document, which is an absolutely typical Canadian Association of Broadcasters' release, is sub-headed: "Broadcasters have a number of friends in the Senate."

In rejecting Senator Sparrow's idea—that is, having members of Parliament sit on the CBC board—these private broadcasters realize, as do each one of you, and as I am sure Senator Sparrow does, that television and radio are already terribly vulnerable to government pressure. This of course is no less true for public broadcasting. So editorial freedom must be preserved at all costs. But let us not in this chamber or elsewhere have a grade-school debate about which is better, private broadcasting or public broadcasting. The fact is simple: in Canada we need both dimensions. In the private sector we need a far more enlightened and a far less profit-oriented approach to broadcasting. Senator Forsey spelled that out in his speech—none of which, sad to say, qualified for inclusion in the CAB bulletin.

Perhaps I could quote Senator Forsey, as reported at page 440 of Senate *Hansard*, speaking of his years as a member of the Board of Broadcast Governors:

> ... the impression left on me was that the theme song of private broadcasters could very well have been taken from that Gilbert and Sullivan opera, "The Pirates of Penzance".
>
> Oh! I am a pirate king.
> Yes, I am a pirate king;
> And it is, it is a glorious thing
> to be a pirate king.

You will remember Senator Forsey breaking into full song—a delightful example of Canadian talent. He was able to do it, but I will not attempt it.

Honourable senators, this has been a useful debate, but it has not been without its share of nonsense, much of it relating to the Canadian Broadcasting Corporation. Our report makes it clear that the CBC is not a perfect institution. Far from it. So we made a number of hard-nosed recommendations. But fair is fair. For heaven's sake, let us retain our perspective. For that reason, for the purpose of underlining, I would like to quote two comments from Senator Frosey's excellent presentation. First of all, he said:

> I cannot share the views of Senator Desruisseaux about the deficit of the CBC. I do not think there is a deficit. There is a grant made out of public funds. To my mind the grant should be placed on the basis the report suggests. Indeed, the suggestion is, as the report recognizes, by no means a new one. There are grants to the CBC as a public service. It was never set up to be a paying commercial proposition; that was not the intention at all, and I challenge anybody to produce any evidence that it was. Just as you do not expect the National Gallery of Canada to show a commercial profit, so it seems to me you cannot expect the CBC to show a commercial profit.

The second point which Senator Forsey made about the corporation, the one I wanted to stress, is one which I do not have at hand. I would urge honourable senators to re-read Senator Forsey's speech, which was an excellent documentation of the need for, and the virtues of, public broadcasting in this country.

Perhaps I could complete my remarks on the CBC very briefly. The CBC is the national communications medium

in a country that has no national newspaper. It is the only true national broadcasting enterprise in Canada offering service to all but a tiny minority of Canadians, and in both official languages. We feel as Canadians that we have it as the strong fabric of Canadian society. We also feel that we are in a special position in that the CBC as an entity is unlike any other in the world. Yet let any backbencher like me, in this chamber or in the other place, get up and say anything at all critical of the CBC, and it is absolutely certain to be included on the CBC national news, both radio and television. Let any backbencher in this place or the other place get up and say anything positive about the Canadian Broadcasting Corporation—I take Senator Forsey's excellent speech in point—and the CBC will ignore it utterly, totally and completely. It is either the death wish of the corporation, thick-headed public relations, or an inverted form of snobbery, or perhaps all three. In any event, I turn from the problems of the corporation and the comments I have made, with the greatest of respect, about Senator Desruisseaux.

Hon. Mr. Martin: There must be some exceptions on the CBC television staffs.

Hon. Mr. Davey: I am not aware of any.

Hon. Mr. Martin: I see a couple of them looking down at us. They ought to come here more often.

Hon. Mr. Davey: I am especially grateful to Senator Walker for raising the *Reader's Digest* issue in this debate. As he did at our hearing, Senator Prowse, I thought, dealt most effectively with the issue in this debate. But, as Senator Walker is aware, I feel keenly on the issue and I propose to deal with it for just a few moments.

Magazines are special. Magazines constitute the only national press we possess in Canada. Magazines add a journalistic dimension which no other medium can provide: depth, wholeness and texture. Magazines, because of their freedom from daily deadlines, can aspire to a level of excellence that is seldom attainable in other media. Magazines, in a different way from any other medium, can help foster in Canadians a sense of themselves. There are very few Canadian home consumer magazines that can claim with any degree of certainty that their survival is assured. In the whole country there are only four large circulation consumer magazines whose prospects and financial conditions are such that they could be described as healthy. They are *Time, Reader's Digest, Chatelaine* and *Toronto Calendar*.

Between them, *Time* and *Reader's Digest* account for more than half the advertising revenue that all major consumer magazines receive in Canada, and it is reasonable to anticipate that *Time* and *Reader's Digest* will continue to grab off larger and larger portions of the available revenue.

The position of the Canadian editions of the two magazines has long been controversial in Canada. Section 12(a) of the Income Tax Act prevents Canadian business from deducting advertising expenses in all foreign magazines except *Time* and *Reader's Digest*. It is of course these very special privileges which we think should now be removed. We recommend exactly what Senator O'Leary wanted nine years ago. We recommend that the exemptions now granted to *Time* and *Reader's Digest* under section 12(a) be repealed, and the sooner the better. Even if *Time* and *Reader's Digest* did find it possible to continue to publish their Canadian editions despite the removal of the exemptions, they would at least be competing on a more equitable basis than before. The massive cost advantages they enjoy from the spill-over of advertising content would be at least partially off-set. If this did not improve the health of the Canadian magazine industry, the committee suggests that the two magazines could be required to sell 75 per cent of the stock of their Canadian subsidiaries to Canadian residents, after the example of the CRTC which requires 80 per cent Canadian control of broadcasting corporations.

This competition from *Time* and *Reader's Digest* is of course becoming even more uneven. There is a neat statement for you: "even more uneven". It is becoming more uneven because of the split-run factor and the regional editions. These split-runs and regional editions spell competition with local media for local advertising at the local level.

Particularly since the committee reported, some people have advanced the argument to me that we should have been more concerned about *Time* magazine than about *Reader's Digest*. There is of course some logic in that kind of position. The *Reader's Digest* unquestionably has been a better corporate citizen than has *Time* magazine. Nor, I suppose, should we be as sensitive about a digest kind of magazine as we are about a weekly news magazine. Each week *Time* magazine provides a great many Canadians, including this one, with an outstanding window on the world. But honourable senators should make no mistake: it is a view through American-tinted glass. As such it is a view which we will still require but which we will still have even after our recommendations have been implemented. Then *Time* magazine would still sell in Canada, just as *Newsweek* does at the present time, but without the Canadian content and without the so-called Canadian section, which, to be fair, is well done but which is not the reason why most of us buy *Time* magazine.

I wonder how many of you have noticed how *Time* magazine has suddenly, recently, shifted its promotional gears—perhaps as a result of the message some of us have been taking across the country, although perhaps on the other hand we flatter ourselves in thinking that. Certainly, for a long period *Time's* promotional activities were built around the advantages of its local advertising. I have an ad here from the March 8 issue of *Time* magazine. It is entitled, "Why Pay for Canada If You Only Want Ontario?" This advertisement concludes by saying:

> In fact, wherever an advertiser sells, there is a TIME to match his market. After all, why should anyone pay for more of the world than he needs?

Why should you pay for Saskatchewan and Alberta and Manitoba, if you want the big markets of Toronto

and Montreal? Well, the promotion has suddenly shifted gears and now a new promotional compaign has begun which is built around *Time's* straight editorial virtue. Here is an ad from the current issue of *Saterday Night.* This is a paid ad. As you know, *Time* magazine is anxious to keep *Saturday Night* in the business, even as we all are, and it is anxious to the point of subsidizing that magazine. Here is the ad: "We Cover a Lot of Ground in a Year." This is a completely different approach from what I just read in *Time* magazine. It says:

> Once every seven days TIME/Canada reports on the Canadian news scene. And the subject matter ranges from one end of the country to the other. From the Prime Minister to Geneviève and Paul. From unemployment to the environment. Toronto's Sam the Record Man to American tourists. The paintings of New Brunswick's Alex Colville to B.C.'s superport. An election in the N.W.T. to turmoils in Quebec. The Manitoba Theater Center to tax laws and the economy. The Senate. Snowmobiles. Cable TV.
>
> It's a unique editorial mix that means an unparalleled view in print of happenings all across the country.
>
> And there's an added touch. For in covering the obvious and ferreting out the obscure, TIME's writers tell the news in a way that leaves a lasting impression. It may be succinct or poetic or biting; inevitably, it helps bring the person and the event to life. Take this expert, for instance, from Correspondent Geoffrey Stevens' profile of The Honorable Stanley Knowles:
>
> That is an excellent profile and there is indeed a long quotation from it. At the conclusion the ad states:
>
> Issues that range Canada wide—and local events that deserve national exposure. They're all part of TIME's domain. And in reporting on them, TIME's correspondents indeed cover a lot of ground. In a year. And even in a week, for that matter.
>
> TIME
>
> It's hard to do without it if you care about the world.

Of course, I care about the world but I also care about the Canadian magazine industry. I am prepared to do without that Canadian section of *Time* magazine if somehow somewhere along the line, because *Time* has left the scene, some enterprising person or group or company in a new climate of possibility will launch a Canadian news magazine.

Still, fundamentally the problem is economic, and I should stress my continuing belief that the special privileges of both *Time* magazine and *Reader's Digest* should be removed.

Now, the *Time* magazine and *Reader's Digest* lobby—in which, Senator Walker, I do not include you—has been predictably and understandably opposed to our recommendations. To protect their profitable flank they tended to concentrate on three themes: first, that what we are proposing is a form of retroactivity; second, that it would not work anyway, but, indeed, would make the climate for Canadian magazines less attractive; and, third, that the Canadian magazine industry itself did not even favour the removal of these special privileges.

Well, first of all, let us look at the "it won't help anyway" argument. Indeed, it goes much further than that. It says that if you take *Time* and *Reader's Digest* and remove their special privileges and thus take them out of Canada you will not have any magazine budget at all. It will be the beginning of the end of magazine advertising in Canada. That position is buttressed by a study referred to in our report, and I should like to refer to that. The report suggested that a view, supported by a private survey which the committee saw of Canada's 100 largest advertisers, indicated that even if *Time* and *Reader's Digest* folded up their Canadian editions, only 13 per cent of their advertising expenditure would be diverted to other Canadian magazines. The revenues from *Time* magazine and *Reader's Digest* in 1969 amounted to approximately $14,642,000. Some $1.9 million only of this $14.6 million would have found its way into Canadian magazines.

That private survey is now ten years out of date, and ten years is a long time. The bloom is off the television rose and now for the first time in a long while there are television availabilities in just about every major market in Canada. Indeed it has been possible for a media organization to send out this letter:

> Many advertisers believe that since television has sight, sound and motion it has to be superior in impact to magazines which have sight alone.
>
> This hypothesis overlooks many offsetting qualities of magazines, among them permanence and believability. In magazines your advertising can sit down with a prospect like a friend and present your full case.
>
> If you have only 30 seconds you can't present a full story. You can't even sound relaxed. Particularly if you're sandwiched among several other hard breathing advertisers.
>
> Credibility of advertising today is under heavy fire. Magazines give you the opportunity to use the other dimensions of communications, to tell your story fully, factually and believably.

That, of course, is a release, as you might have guessed, from the *Reader's Digest.*

So, things have changed in ten years. Indeed, in our country now there is running a very distinct and growing concern about cultural survival. That is why I was so delighted in this debate—and I mean that quite sincerely—to hear Senator Walker describe himself as an economic nationalist. I do wish, however, that he was equally concerned about cultural survival. This Canadian concern about Canadian identity has increased dramatically in recent years, and make no mistake, honourable senators, it is still growing. I also dare to believe that

Canadian magazines themselves are better than ever, and certainly better than they were ten years ago. *Chatelaine* proves each and every month that Canadians can do it with the odds approximately even by consistently outselling *Ladies Home Journal* and *McCall's* combined. *Macleans* too has a new lease on life. There are many other new titles on the stands. These new titles come and go with amazing consistency demonstrating both the difficulty of survival and also the willingness of Canadians to try. By the way, with regard to that amount of only $1.903 million which could be saved for Canadian magazines by the implementation of the recommendation, what on earth is wrong with $1.903 million going into the Canadian magazine industry in the form of advertising? What about the argument we heard that even the Canadian magazine industry did not seek the removal of these special privileges. It is true they did not, at least not the corporate magazine establishment.

It is ten years since the O'Leary report and in that time the magazine industry had completed one complete somersault. They told us, yes, they can live with *Time* and *Reader's Digest;* they have learned to live with them. Well, it was a strange posture. Or was it such a strange posture? I would never accuse these Canadian magazine publishers of speaking with a forked tongue. Perhaps it seemed that way because their tongue was jammed so far up into their cheek. Certainly Maclean-Hunter did achieve certain minimal objectives as a result of Senator O'Leary activity. First of all, the Canadian business press industry was in fact saved at a time when McGraw-Hill was ready to pounce into Canada. I need hardly point out that the fact that the Canadian press industry was saved is proof positive, if any were needed, that Senator O'Leary's recommendations were extremely practical ones.

Secondly, in the consumer magazine area, Maclean-Hunter also achieved something by the implementation of Senator O'Leary's recommendations. A further full-scale invasion of American magazines with Canadian sections was forestalled. It is true that *Time* and *Reader's Digest* were legitimized, but that was that. As was apparent from the editorial I quoted earlier from the *Globe and Mail* of December 11, it so legitimized *Time* and *Reader's Digest* by allowing it to happen that the Canadian magazine industry suddenly realized to their horror that *Time* and *Reader's Digest* had a clearly open market. Let me just quote very briefly from that same editorial:

> The legislation designed to protect Canadian magazines had been vastly more effective in protecting *Time* and the *Digest*. Indeed, by excluding their U.S. competitors, it had placed them in the unique position of being the only magazines in the country which got most of their editorial matter cheap, from across the border, and thus were in a unique, preferred position to compete with Canadian magazines.

The working press as opposed to the corporate magazine press most assuredly disagreed with the corporate position, as was apparent from the petition we received from 364 working magazine people representing 186 publications.

I would like to place on our record two letters which certainly impressed me, and I hope they will impress you. The first, which I shall read in part, is from Doris Anderson, Editor of *Chatelaine*. When Mrs. Anderson appeared before the committee, you may recall I asked Mr. Ron McEachern how he explained the remarkable success of *Chatelaine*, given the problems of the magazine industry here and, indeed, all over the world. Instead of replying, he simply pointed to Mrs. Anderson and said "That is the reason for the success." She did not say before the committee what I am about to read now; I have received this from her since the committee published its report.

> I think few people would suggest today that it was a good idea to allow the Canadian editions of *Time* and *Reader's Digest* to compete in Canada for advertising on equal terms with completely Canadian periodicals. Unlike Canadian magazines, the Canadian editions of *Time* and the *Reader's Digest* offer a small amount of Canadian-originated editorial content in their pages. The remainder is dumped material. That is, it is commissioned, written and edited for the United States (or sometimes international editions of those magazines). Already paid for, the same editorial material—and typewritten pages—is then shipped across the border to be set up again in printer's type in Canada and run as the major editorial content of the Canadian editions of these magazines. There is very little extra editorial cost involved; it is nowhere equal to the cost of the original U.S. material or the cost to originate the same amount of Canadian material in Canada. Yet this "dumped" editorial material is used as a vehicle around which to sell complete issues full of Canadian advertising. In economic terms, this is dumping which is against all international economic practice.

Then she concludes her letter by saying:

> The continued presence of *Time* and *Reader's Digest* in Canada is crippling for the Canadian magazine industry. During the twenty-three years they have been competing with Canadian magazines in Canada for Canadian advertising, many Canadian magazines have died. That magazines die is not unusual. Badly edited, badly run off dull magazines should die. In the United States over the past ten years approximately 182 publications have died and 682 new publications have been started. But in Canada today it's extremely difficult for any new Canadian publication to be launched. As long as *Time* and the *Digest* are here enjoying a favourable and a competitive situation, I cannot see this situation changing. In fact, the situation will almost certainly deteriorate. I think if we care about Canada and a strong periodical press (and I don't think the two can very well be separated) then action to end the special Canadian editions of *Time* and *Reader's Digest* must be taken.

Then she goes on to say that she is expressing her own position, and not that of Maclean-Hunter.

The other letter is dated February 25 and is from Peter Newman, now editor of *Macleans* magazine, who is well known to most of the people in this chamber. He said:

> Dear Senator Davey:
>
> You have asked for my comments on the section of your report dealing with the special privileges granted Time and Reader's Digest in this country, and while I cannot and do not speak for Maclean-Hunter, I will be glad to give you my personal reaction.
>
> While I do not agree with the publishing philosophies of either of these two magazines, I have no objection whatsoever to their overwhelmingly successful attempts to attract readers in Canada, and any more than I object to *Newsweek, Playboy, Popular Mechanics,* or any other U.S. magazine being circulated in this country. But as the new editor of *Maclean's,* highly conscious of the fact that every word and every photograph and illustration that goes into the magazine is originated and paid for in this country, I find it incomprehensible that two American magazines should be allowed, with government sanction, to pass off what are almost entirely American publications (which cause their domestic operations here virtually no editorial costs) as Canadian magazines, attracting Canadian advertising. These two publications now drain off about 56 per cent of the advertising available to Canadian periodicals, seriously threatening our ability to compete.
>
> Since the local editors of *Time* and the *Digest* are directly responsible to their American head offices where the final decisions about what goes into their magazines are made, they do not and in fact, can not accurately reflect the Canadian reality in the very few pages they relegate to Canadian news. Only truly Canadian magazines can fulfill this essential mandate.

He goes on to talk about some of the things that he hopes to do with *Maclean's* magazine, and concludes by saying:

> In my personal view, this will be achieved in the long run, only if *Time* and the *Reader's Digest* revert to what they really are: American magazines which should be coming into this country on exactly the same basis as all other U.S. publications.

Both Senator McElman and Senator Walker asked me about retroactivity. Senator Walker said it would be retroactive and hence unfair to remove from *Time* and *Reader's Digest* these special privileges. Meanwhile Senator McElman wondered why the press ownership review board should not have power retroactive to dismantle existing media concentration.

I have an answer, but I doubt whether it will satisfy either of the honourable senators. However, it is an answer. Senator McElman knows that I am a sports fan and not a lawyer. I can only say to him that I have never believed that the rules of the game should be changed at the end of the second period.

Hon. Mr. Martin: Surely you are not suggesting that there is a contradiction between being a sportsman and being a lawyer?

[Hon. Mr. Davey.]

Hon. Mr. Davey: There is no contradiction. It is an unusual blend. My answer to Senator Walker is also simple. Surely, when Parliament grants special privileges it does not grant them in perpetuity. I am sure that my answer will satisfy neither gentlemen, but that is the position as I see it.

I think that with one exception I have dealt with all of Senator Walker's various questions. The one exception, however, is on page 471. He quoted the report which said:

> We are also reading fewer magazines. In 1959, we bought 147 million copies of American magazines. Ten years later the total had declined to 130.5 million copies. But the decline for Canadian magazines has been even steeper. In 1959 we bought 45 million copies of Canadian magazines. In 1969 we bought about 33.8 million copies.

Senator Walker said what I wish to point out, that the figure of 33.8 million copies should be 42 million copies. He argues that the decline in sales of Canadian magazines in ten years is from 45 million down to 42 million, and not to 33.8 million as stated in the report. There is a simple explanation. Our figure is for English-language Canadian magazines, whereas his figure is for Canadian magazines as a whole including French-language magazines. I think he will find that that explanation stands up. I hope he will look into it and let me know.

Senator Walker expressed a great deal of amusement at the way in which this particular section of the report was written. In fact he was almost beside himself because, faced with the choice between love and logic, we on the committee chose love. Apparently Senator Walker would have chosen logic. After thinking about this a great deal, it appeared to me that perhaps in the final analysis it is how we respond to the question of love or logic which actually distinguishes a Grit from a Tory.

I am optimistic that the Government will do something about this particular set of recommendations. They have before them an almost unanimous recommendation of the Special Senate Committee on Mass Media, with the exception of Senator Beaubien. It is similar to the unanimous recommendation of the all-party committee of the other place.

Hon. Mr. Martin: What was the date of the recommendation of the committee of the House of Commons?

Hon. Mr. Davey: I am sorry, I do not have that. We issued our report in December and the House of Commons committee's report was issued, I believe, in July. I can check that, and get the information for the Leader of the Government.

Thirdly, we also have the opinion of the delegates to last fall's policy convention of the Liberal party. The Prime Minister who has a profound belief, which I accept at face value, in participatory democracy, wrote the following letter to a young lady who attended the convention:

> —the views of the delegates to the 1970 Liberal Policy Convention will not be shelved somewhere to gather dust for years.

Part of that letter was underlined and sent to a young girl in suburban Toronto who attended the convention. How did that Liberal convention vote on this issue? The vote was 817 for ending the concession, 57 against, and 78 delegates were not sure. When the Government comes to examine this issue, and examine it I believe they must, they will be faced with this overwhelming vote of the Liberal party convention. They will be faced with the unanimous all-party recommendation from the other place, and with the recommendation of our particular committee.

Honourable senators will expect me to say something about Halifax. I shall simply say that I still very strongly support the views expressed in our report. As far as I am concerned, they still stand, as does my respect for Senator Macdonald and for Senator Welch.

In his solid speech on December 16 Senator Macdonald asked me two questions. I am not sure whether or not those questions were rhetorical, but for the purpose of this discussion today I shall assume that they were not. He asked, first, why the committee chose these newspapers and condemned them in such strong language. One might ask: Why did not the committee name others rather than give the full vigour of its denunciation to those newspapers? We chose Halifax because we thought at the time that it had the poorest of the so-called big city dailies.

Secondly, Senator Macdonald asked whether the committee actually believe there was no place in a newspaper for comment, even, God forbid, good comment. The answer is that I agree with Senator Macdonald, that there is most certainly a place in newspapers for good comment.

However, Senator Welch made two comments which I felt answered Senator Macdonald's questions. In the course of his speech, in which he agreed with Senator Macdonald and not with the committee, he said that both newspapers, the *Chronicle-Herald* and the *Mail Star* might not be on the ball due to lack of competition, that the newspapers failed to give coverage in certain areas, and at times did not report in great depth.

Most certainly the report did generate a storm of controversy in Nova Scotia. I believe that that in itself was useful. I did receive some letters from Nova Scotia disagreeing, sometimes violently, with the position we took, but I must say they were in the minority. Two troublesome themes recurred in most of this mail, and perhaps I could share my concern with you. First of all, many of these letters said, "Here we go again; another wiseacre from Toronto telling us how things should be done in Nova Scotia". Soon after the report was published the New Glasgow *News* rose to the defence of the Halifax dailies with really the ultimate in this kind of logic. I will not quote this editorial at length, but it says:

> —as a good Toronto-type—of the kind beloved in the far West as in the far East—he (Davey) knows better than the people in the Maritimes what they should be reading their papers.
>
> It is not that he wants to censor these papers; it is just that the people who run them and work on them ought to be consulting him as to how things should be.

Incidentally, other honourable senators did not escape lightly, because as a group we were described as "politically-pensioned legislative misfits".

Still another point that troubled me in some of the mail I received from people who disagreed with our position on Nova Scotia was, "The *Chronicle-Herald* is Tory; you are a Grit. What on earth could we expect?" The fact is that the *Chronicle-Herald* professes to be independent and, as Senator Bourque said in this very debate, most of us here are not motivated by partisan considerations.

It was my privilege to visit Halifax last month; it was a rewarding experience. Almost everywhere I met people familiar with and enthusiastic about our report. I concede at once that I was meeting a special community—information, communications, academic and public relations people—and perhaps they were not representative of the majority of Nova Scotians. On the other hand, it is a simple fact that most of the mail I have had from Nova Scotia supports the position we took in this particular document. Indeed, a letter to the editor from someone I do not know, Dan Campbell of 1462 Summer Street, Halifax, which appeared in the *Chronicle-Herald* of December 15 states the position extremely well. He wrote:

> It is really gratifying to have my personal evaluation of the Halifax dailies confirmed by a Senate royal commission report. I have been most amused at the plaintive screams of the *Chronicle-Herald* in the last few days because in reacting to the Davey commission's report, you have proved its point in a graphic manner.
>
> Though you bannered a charge of "dictatorial motivation," the fact remains that the commission had no reason to be prejudiced against the *Chronicle-Herald*, but that you have every reason to be prejudiced against it.
>
> How did the *Chronicle-Herald* respond—did it openly challenge the accusations of the Davey commission and prove them wrong? No, it launched a ridiculous personal attack on the commission. The *Chronicle-Herald* technique is first to have as a lead story not the report but an attack on the report.
>
> In typical fashion, you run stories on the sayings of your favorite politicians as if they were news stories. (Note: what a politician says is rarely news. Reporting of such sayings is not news, but promotion of those ideas.) Two Nova Scotian senators quit the commission earlier in the week, and when the *Chronicle-Herald* finds the report unfavorable, this is front-page news. A third Nova Scotia senator supported the report, but this is on page 19, no picture, with a small headline. After all, he's only a Liberal. How can you deny the Davey commission charges of news management?
>
> In the same issue you carried a story mentioning the "scars of last winter's encounter." The scars,

presumably, of the criticism received by the newspapers. Last week, in a report on the Maritime union study, The Montreal *Star* blasted the *Chronicle-Herald* for its poor coverage. This was repeated on the CBC's Sunday *From the Papers* program. And now Davey.

Do you notice a trend, Sir? Somehow, your righteous indignation is losing all credibility.

As a footnote to my trip to Halifax may I draw attention to the following quotation from the Moncton *Times* of April 2. It is one short paragraph; the speaker was Robert Coates, M.P. for Cumberland-Colchester. Please note that this was not a question; it is a statement of fact:

It was more than coincidence that at the same time that federal investigators were raiding the newspaper offices in New Brunswick, Senator Davey was holding forth in Halifax providing a forum for others to attack the two Halifax dailies.

Needless to say, I knew nothing of the activity in question while I was in Halifax nor, indeed, did I visit Halifax to attack the Halifax newspapers. Indeed, as I said repeatedly throughout my visit, I dare to believe that these Halifax newspapers are gradually improving.

I cannot leave Nova Scotia without mentioning two more of our colleagues. I was grateful to Senator Smith for his intervention in the debate. His speech and press release of December 9 have done much to clarify the position of the committee. His Senate speech was most incisive.

My entry into this debate has been delayed for a long time for several reasons, one being very special. Frankly, I had rather expected some intervention in this debate from my friend, Senator Orville Phillips. However, none has been forthcoming. Since I arrived in the Senate I have always liked Orville, but it is apparent that he does not think very much of me. I had expected the senator to speak, given the nature of the remarks attributed to him, which were subsequently carried across Canada by Canadian Press. I first saw them in the *Globe and Mail.* You will be interested in what they were:

Senator Orville Phillips (PC—Prince), who resigned six months ago, said in Ottawa he took action because he resented the "dictatorial" powers asserted by Senator Keith Davey, chairman of the commit ee . . .

Senator Phillips said in an interview he resented the fact that the committee was operated by a chairman and had a staff which he (Senator Davey) personally hired.

"I resented being told beforehand who was going to do the questioning and what the questions were going to be, "Senator Phillips said.

"It left me with the distinct impression that the committee was organized for a specific objective before it even met."

Senator Phillips said for those reasons he made his views known to Senator Davey and he quit.

[Hon. Mr. Davey.]

Honourable senators, I think, will agree that these are extremely serious charges. I regret that Senator Phillips is not present in the chamber. Senator Phillips did not choose, as surely he should have done at the very moment of this discontent, to document his displeasure and his grievances before this chamber. No mention was made at the time; no mention has been made since by the honourable senator. This, of course, left me with an option: should I ignore the comments, or should I raise the matter myself here today?

Surely Senator Phillips should have come before the chamber, as I have said, at the very moment of his discontent. No doubt, however, my dictatorial motives had not occurred to him at that time, because the *Chronicle-Herald* had not begun its desperate search for people who would knock either the committee's report or its chairman.

Honourable senators, I dislike very much being unpleasant. However, I do not exactly relish having dictatorial motives attributed to me. In fact, at no time did Senator Phillips make these views known to me. He did not resign from the committee until we asked him to leave so that we could make room for Senator Yuzyk. Senator Phillips was on the committee from December 19 to June 29. He attended exactly five of seven sessions during the week of January 20, and that was that. Honourable senators will understand why I wish to place these remarks on our record.

Senator Quart was, of course, a delight to have on the committee. She was appointed to the committee late in its life, but she contributed much. Her comments in this particular debate were useful. She felt, as you will recall, that we had been too lenient with the underground press. The underground press is of course continually shifting and changing. Indeed, in our report we mentioned four underground newspapers, three of which, as I recall—*Logos, Octopus* and *Harbinger*—no longer exist, and the fourth, the *Georgia Strait,* is struggling with a very heavy burden. That burden is whether or not an underground newspaper can make money and survive as a member of the underground press.

Speaking of the *Georgia Strait,* it appears that in the section of our report dealing with press freedom we have unfairly criticized the newspapers in Vancouver. Therefore, may I set the record straight by quoting in part from a self-explanatory letter I received from St. Clair Balfour, the President of Southam. He says:

At page 103 it is stated that "The media have been vigilant in attacking some of the threats to freedom of the press. Others they have ignored—especially those instances where their own revenues weren't affected. We're thinking here primarily of official harassment of the 'underground' press." A description follows of some of the legal proceedings taken against the publisher of the *Georgia Strait* and its employees.

Reference is then made to a statement by Pierre Berton that the underground press has been subjected "to what I can only describe as unbelievable, scandalous and con-

tinual harassment by municipal authorities and police of several cities in this country."

The letter goes on to say:

> The report continues "We concur in his choice of adjectives. It saddens us to report that most daily newspapers have either been luke warm in their editorial approach to this issue, or have ignored it altogether. We find this reticence strange..."

Mr. Balfour then contends, quoting only part of the letter, "This statement is completely untrue." He then goes on to list a number of editorial instances where both the Vancouver *Sun* and the Vancouver *Province* did express themselves forcefully on this issue, and I am delighted to set the record straight.

Two examples will suffice, each from September 30, 1967. The Vancouver *Province* in an editorial said:

> The paper, however, misguided, is the voice of dissent, and as such should be jealously protected by a free society.

The same day the Vancouver *Sun* said in an editorial:

> It is not sufferable in a free democracy that a publication be silenced because bureaucrats do not like what it says or how it is distributed.

Here is how Mr. Balfour concluded his letter:

> Such conclusions will undoubtedly do damage to the *Province* and to the *Sun* and, indeed, to all newspapers. Unfortunately, the damage will be continuing as the report of the Senate committee is likely to be regarded as an authoritative source on newspapers. I am confident that you will agree that it is most unfair that the Vancouver newspapers should be branded as being capable of ignoring a question involving freedom of the press. I would also hope that you would agree that the editorials which have been quoted in this letter could hardly be fairly described as "luke warm". If you do agree, I respectfully suggest that you issue an addendum to the report which at the least corrects the factual errors and shows what the Vancouver newspapers actually said on the question. If this were done, the public would have the opportunity of judging the Vancouver papers on what they actually did, rather than on a misstatement of what they did.

I apologize to Mr. Balfour, and I am of course delighted to set the record straight. Indeed, given the nature of the matter we have been discussing, I am in a sense delighted that our report was wrong about the position of the Vancouver newspapers.

A moment or two ago I mentioned the shifting and changing structure of the underground press. Indeed, its very basic posture seems to shift from time to time. I saw this excellent quotation in the March 26 issue of the *Christian Science Monitor,* which says in part:

> Underground writing stews in its own underground these days—an underground of self-examination, if not self-condemnation. A mood of uncertainty seems to hang anxiously, subversively over every page. The Movement—the young extrovert of the '60s—is going introspective in the '70s: trying to get its bearings, trying to find where it's at. Who would have predicted it?

Then finally this on the underground press from an excellent book in the parliamentary library, which some of you might want to read. It is *The Underground Press in America* by Robert J. Glessing; it is published by the Indiana University Press. I just quote a few lines from its introduction, and I wish Senator Quart were here:

> The Underground Press does suffer from serious faults. For one thing, the underground papers openly practice deliberate bias as an integral part of their creed. The facts are often marshaled to fit the theory, whether or not they represent a full and balanced picture and whether or not they check out. Furthermore, known facts sometimes are deliberately withheld because they might contradict the theory. For another thing, many of the underground papers confuse rather than clarify because they fail to focus on given issues. Instead, free love, Vietnam, pollution and the dirty speech movement are all mixed into the same article. Too often, none of the issues comes across with any depth or acumen.
>
> Another criticism of underground papers concerns their indiscriminate employment of sexual materials and overindulgence in tasteless language. The obsession some have for using a half-dozen or so four-letter words raises not only questions of taste but even more serious doubts about the creative resources of their writers and editors. Journalists of dissent across the ages have been able to attack injustices in society without resorting to such low-level diction, and the results have been more efficacious than most yet produced by the current Underground Press.

Notwithstanding those criticisms, the author concludes his introduction on this note, to which I subscribe—

Hon. Mr. Martin: I am sorry to interrupt, but who is the author?

Hon. Mr. Davey: The author is Robert J. Glessing, and the book is published by the University of Indiana Press. He concludes on this note, which I certainly subscribe to:

> Whether any aspects of the Underground Press, let alone its slogans, will prove viable remains to be seen. It already has exhibited some strengths, however, including: (1) the ability to attract and hold youth while regular newspapers are floundering with that audience, (2) enough inventiveness in layout and design to influence the professional media, and (3) demonstrated ability to gain access for dissenters to the marketplace of ideas long after press experts had decreed the old libertarian principle dead.

Finally, as far as the Senate debate is concerned, I would like to say something about New Brunswick. It occurs to me that in our activity here one man may have inadvertently done himself a disservice. That man, of course, is Senator McElman, who in terms of this com-

mittee, at least in the public mind, may very well have become regarded as a one-issue man, that issue being the conglomerate control of English language media in New Brunswick, which I will discuss in a moment.

First I want to say something about Senator McElman. He was one of the most valuable members of our committee. His attendance was very nearly perfect. He was actively involved in every single issue that came before our committee. He was not a one-issue man in any sense of that description. That said, however, Senator McElman was, and is, passionately concerned about New Brunswick. Listen, if you will, to the way Ken Bagnell began an article that he wrote in the June 14, 1969, *Globe Magazine* a publication, incidentally, which he now edits. He says:

> You are, let us say, rolling out of bed in the old city of Saint John, misty and grey in the New Brunswick morning.
>
> You reach for the morning paper. It is K.C. Irving's paper. You switch on the radio. Chances are good it is K.C. Irving's station. You turn on the TV. It is K.C. Irving's channel.
>
> You stroll to the drydock. It is K.C. Irving's drydock. You walk to the famous Reversing Falls and lift your gaze to a belching pulp mill. It is K.C. Irving's mill. You scan a hill and a sprawling oil refinery. It is K.C. Irving's refinery. You board a bus. It is K.C. Irving's bus.
>
> After dinner you buy the evening paper. It is K.C. Irving's paper. You pick up the out-of-town papers, from Moncton and from Fredericton. They are K.C. Irving's.

The point I want to make, of course is that that is where Senator McElman lives. Hopefully his courage will become contagious. I know something of the remarkable response his most recent remarks in this chamber evoked in New Brunswick. Letters to the editor, which have been plentiful, are almost all hostile to Senator McElman. This he will not thank me for saying. His personal mail, which I have seen, is running more strongly in his favour, and that, is counting the usual volume of accepted unsigned hate mail. The merits of the issue are well discussed in our report and needless to say I share Senator McElman's concern, not only in substance but also the degree.

For the purpose of my remarks today I shall content myself with six questions, which hopefully might be answered by Mr. Ralph Costello, the respected past president of the Canadian Daily Newspaper Publishers Association, who is almost certainly the senior journalist in the Irving empire.

These questions are:

(1) Given any credibility gap which may exist and could conceivably develop, why does Mr. Costello not take the lead in establishing a New Brunswick Provincial Press Council?

(2) What is Mr. Costello's association and/for relationship, direct or indirect, with the Fredericton *Gleaner*?

[Hon. Mr. Davey.]

(3) Presumably, there was considerable province-wide interest in Senator McElman's most recent speech in this chamber. Certainly New Brunswick newspapers played it in that way. However, they used a carefully edited, and highly abbreviated version of Senator McElman's speech. Why was it not possible that this important speech be published in entirety?

(4) Mr. Irving is justifiably proud of being the person in New Brunswick who wants to keep the New Brunswick media in New Brunswick hands. Given that philosophy and five daily papers, why is it not possible for New Brunswick papers to staff at least one man, full-time, here in the Ottawa parliamentary press gallery?

(5) I would like to quote from an editorial from the Moncton *Times* of March 12:

> The New Brunswick senator complains of a lack of information following the transfer of ownership of a provincial daily to K.C. Irving. Yet he noticeably fails to say that in business cards are generally held close to the vest and often changes of ownership in any field of business are not trumpeted from the rooftops.

Would Mr. Costello subscribe to that kind of journalistic philosophy or would he agree with me that the people of New Brunswick deserve to know who it is that is talking to them? Finally, I have in my hand the March 25 edition of the *Telegraph-Journal.* I should like to quote briefly from the lead story:

> New Brunswick's social welfare programs are "woefully inadequate" to solve the problems of poverty, says a report tabled in the Legislature Wednesday by Youth and Welfare Minister Brenda Robertson.
>
> In hard-hitting terms, it calls for sweeping changes in the approach to, and administration of, welfare in the province.
>
> The report, dated November 15, 1969, was prepared for the welfare department under the previous Liberal Government by MDI Associates, a team of socio-economic consultants. Until now, it had been kept under wraps.

The question is simply this. It is about something we found out, not in the issue of the 25, but subsequently. I saw it in an article the next day in the paper. The report also said something else of extreme interest, and perhaps I could just quote it. This is also in the same report. Why was it given to us, not in the Telegraph-Journal on the 25 but in the following day's paper, the 26?

> People employed by industrialist K.C. Irving of Saint John are dissuaded from promoting the United Fund under threat of losing their job, according to a welfare report tabled in the Legislature Wednesday.

I have no quarrel, and I do not intend to discuss the merits of the issue, but what I wonder is why that particular information was not carried in the *Telegraph-Journal,* which is the provincial paper of record, on Thursday, March 25? Am I being too cynical to suggest that perhaps this 24-hour hoist took place in order that,

when that story did run, alongside it could be another story saying "Absolutely false, says Irving".

Honourable senators, enough of New Brunswick, enough of the Senate debate, to the relief of you all, I am sure. I am now going to turn to my concluding remarks.

I would like to say something about achievements. Has anything really happened as a result of all this very considerable activity? Yes, I honestly think so. The two most important things which have happened I shall leave to very near the completion of my remarks.

Meanwhile, a trifle immodestly and a trifle self-consciously, an immodest self-consciousness which I share with my colleagues in the committee, I hasten to put it—I would like to tell you of some of the interesting and good things that have happened.

First of all, the response from the academic community has been almost overwhelming. Let me read a letter which I received from the Columbia School of Journalism, in the City of New York, one of the most prestigious schools of journalism in the world. It says:

> We have been cogitating over the excellent Senate Committee Report on the Media, and have concluded that we should reprint some 5,500 words of it rather than merely describe it and enthuse....
>
> The issue, inaugurating our tenth anniversary, will appear in mid-April.

I am sure my colleagues on the committee will share my enthusiasm that the report will be carried in that prestigious journal.

Hon. Mr. Martin: Whom is that letter from?

Hon. Mr. Davey: The Columbia School of Journalism. The reprint will be in the Columbian Journalistic Review, the Tenth Anniversary issue.

I have had a lot of letters from the academic community generally and perhaps just a sampler will suffice. Let me assure you, however, that it is only a sampler. Earlier in my remarks I mentioned a letter from the University of British Columbia. The letter is from a lecturer at that university. The first part of it reads:

> As I re-read the report I become more and more convinced that the $600,000 spent by the committee was one of the best investments ever made by the Government. Of course, I have a somewhat selfish reason for my enthusiasm—at last I have a comprehensive and superbly-written text which I can use in my Political Science 304 course here at the University. The course is entitled "Press and Politics" and, while there's a huge amount of American reference material available, there has until now been a noticeable absence of material on the broadcast and print media here in Canada.

Hon. Mr. Martin: From whom was that last letter?

Hon. Mr. Davey: From Mr. Russell L. Patrick, a lecturer at the University of British Columbia.

Now, from the other end of the country, from Dr. Norma Ellen Verweg, Memorial University in Newfoundland, there is this comment:

> Bravo! Your report on mass media is extremely helpful to sociologists like myself who teach a course in mass communication. Our first Canadian text in this field! I am glad you found the funds and authority to do what we would have liked to have done—particularly your thorough investigation of ownership. Now that this is done, sociologists have a secure foundation on which to base our more theoretically-oriented research on the effects of the content of mass media. Your report will assist in furthering both psychological and sociological theory in this new and important field of social research.
>
> And your report is so readable that my students read it like a novel, not a textbook.

From Loyola University, Montreal, there is a letter from the Reverend John E. O'Brien, S.J., Chairman, Department of Communication Arts:

> I think you will be interested to learn that the Report on Mass Media became required reading for the students in the Advanced Television Seminar as soon as it was published. Subsequently, two sessions were devoted to exploring the ideas in the report and the students are now completing a documentary television program on the results of that study. Next year the report will be a text for one of the courses in first year.
>
> Best wishes for success in your campaign to bring greater awareness to the Canadian public about their role in media.

Let me mention just one more. It is from Professor J. L. Wild, Head of the Department of Journalism, University of Western Ontario. He says:

> As to the future, Professor C. E. Wilson will build the framework of our Journalism 21 course—an introduction to the mass media—around the report. Volume I will be the required textbook. Volumes II and III will be required reading. The pattern of the report will be the pattern of the course. Naturally many other approaches and many other readings will be required but the course will be basically centered on the committee's work. If this proves successful with the course during the summer session, it will become more or less the permanent approach in this course.
>
> Parts of the report will unquestionably be used as source material in virtually all of our courses for some time to come.
>
> Volumes II and III especially will continue to be valuable source material for a wide range of research projects, particularly when our MA program is inaugurated and our research facilities developed.

Well, there is even some indication of acceptance of this in the nature of a textbook at the high school level.

Longman Canada Limited have written to us informing us that they are preparing a book on the newspaper for use in Canadian secondary schools, tentatively entitled "Now, the Newspaper". They suggest that their author would like to use a selection from the Davey Report on Mass Media. Of course, that request has been acceded to.

If I may speak candidly for just a moment, I must say that since the beginning of the year I have particularly enjoyed speaking across the country to a number of student audiences. It is an especially rewarding experience to speak to perhaps 100 students, each one of whom is armed with a copy of the report and each one of whom is thoroughly conversant with its contents. However, there have been other tangible results. Senator Martin made reference to one earlier, and I should like to talk about that.

At pages 117 and 118 of the report it says that Quebec "is already close to the formation of a press council for that province." You realize that since the tabling of our report that the Quebec press council has become a reality and it is Canada's first such council. Of course, moral suasion is its only tool.

Our particular report went on to state that Canada's special position makes it desirable and inevitable that that province have its own regional organization. We think it is equally desirable that a counterpart organization for English-speaking Canada be formed and that the two bodies somehow affiliate themselves to form a national body.

Hon. Mr. Martin: Is Senator Davey aware that in Windsor there is to be established a press council there under the leadership of the Windsor *Star*?

Hon. Mr. Davey: Thank you, Senator Martin. We are. Mr. Farrell, who is the very progressive publisher of the Windsor *Star*, appeared before the committee and informed us of his intention of forming a regional press council in Windsor. I am sure you realize that he is one of the most progressive publishers in Canada.

I must say, also relating to the press council, that I have been extremely encouraged by a gallup poll which appeared recently in the newspapers across Canada. I wonder how many of you saw it. The question was put:

> The Senate Committee on Mass Media—that is newspapers, TV and radio—has suggested that a voluntary press council should be established to examine complaints from the public about them. Do you think that this would be a good idea, or don't you think it necessary?

With the rather limited amount of publicity the press council has had, only 26 per cent of Canadians thought it was not necessary. Fourteen per cent were undecided. And I am delighted to report that 60 per cent of Canadians already support the creation of a voluntary press council. So most certainly in this area there are stirrings.

As you know, the committee also said a great deal about the absence of professionalism in Canadian journalism. We said it in these words:

> The basis of professionalism, surely, is that there are certain things a professional will not do, and other things he must do. The recognition and definition of these standards, and the definition of the practitioners to whom they apply, is what separates accountants, teachers, physicians, and lawyers from steamfitters, plumbers, garage mechanics, TV repairmen—and journalists. As a matter of fact, steamfitters, plumbers *et al* have taken a more professional approach to their trade than journalists have; they at least insist on minimum standards of training. Apart from the two cases we've described, there appear to be no other instances where journalists, as a group, assume a collective responsibility for the quality of their product as, for instance, the medical profession takes responsibility for the quality of medical care. We don't think the journalistic environment is going to change very much unless and until journalists start assuming—or demanding—such responsibility.

Well of course that very thing is happening. On this coming weekend in Ottawa there is going to be a conference of journalists, called Media 71. I dare to believe that this conference is at least partially inspired by our committee's activities. I should like to quote from the publication content on Media 71:

> Well, at this stage things are promising for the first general conference of Canadian journalists—scheduled for Ottawa, May 1 and 2, at the Skyline Hotel.
>
> Certainly the core planning body of journalists from Montreal, Toronto and Ottawa, and the *ad hoc* steering committee of communications people from across Canada, are optimistic.
>
> Response to the story carried in last month's *Content* and to a hundred letters dispatched to key people in all provinces has been encouraging. People do agree that the Special Senate Committee's Report on Mass Media merits further study and elaboration. The thrust of the conference in Ottawa will be two-pronged: an examination of the Davey report and a look beyond the committee's conclusions.

I will be attending that conference, and I hope that some of you will be coming along. There is no doubt at all that the committee and its report will be put under a very fine spotlight. I am sure all kinds of holes will be picked in the report, and justifiably so. But the significant point is that such a general conference of Canadian journalists will be taking place at all. Many of the reforms we advocate will require the leadership of the members of the working press, and, finally, they are coming together.

What about the Canadian content recommendations? As you know, we said to the CBC: "Full speed ahead on Canadian content." To my own intense relief, and notwithstanding yesterday's announcement, the CRTC has held the television line. It is a wise move which demonstrates their good faith, common sense and flexibility. You know, your friendly neighbourhood private television broadcaster has quite another matter of concern which

relates to a recent ruling of the FCC, which is of course the American equivalent of the CRTC. Patrick Scott described the problem extremely well in a recent issue of the Toronto *Star*. He said:

> Specifically, the FCC has decreed that the networks' access to prime time (generally considered to be the viewing period between 7 and 11 p.m.) be reduced to three hours per night from its current and traditional four.

This cutback was ordered by the FCC for much the same reason that the CRTC last year introduced its controversial Canadian content quotas. It was specifically to generate more local programming. Patrick Scott further states:

> For Canadians, such a prospect has a double implication. On the one hand it means that, even had the CRTC not imposed its import quotas, Canadian viewers will be seeing fewer American programs next season for the simple reason that there will be fewer of them available from the American networks.
>
> On the other hand, it means that Canadian content now stands a better chance than it ever has before of reversing to some extent the traditional cross-border flow, if only because in their desperation the individual U.S. stations are latching on to anything that moves.

Meanwhile, what is the story with respect to the Canadian content on radio? It is a story of remarkable success. There is less American music, and lo and behold, the world is still turning and there is still lots of audience and still lots of commercial advertising, and what is really different, there is more Canadian music and more Canadian talent and Canadian record sales as well as an increasing exposure of Canadian talent all over the world.

Quoting from the current issue of the *Financial Post:*

> Those Canadian content rules the Canadian Radio-Television Commission laid down for music over AM radio are producing some happy side effects in the U.S. In a recent letter to FP, Phil Anderson, President, Ahed Music Corporation Ltd., Toronto, observes: "It is not only easier to get air play and exposure of a potential hit (in Canada) but now if the public does accept the recording and it sells in Canada, U.S. record distributors...will spend substantial funds in testing the acceptance...in the U.S. market.
>
> "At present, what happens in Canada is of much interest in the record community of New York and Los Angeles."

Mr. Anderson certainly knows whereof he speaks, because, as a matter of fact, a record entitled "Put Your Hand in the Hand of a Man"—a Canadian record performed by Canadians, written by Canadians, recorded by Canadians and produced by Canadians—reached the number one spot in most Canadian markets during March, and even as we sit in this chamber it is presently number one in most American cities. The United States sales figures for this Canadian record are well over $1 million, and it is believed to be the first record produced exclusively in Canada which has attained this type of sales figure in the United States. As a matter of fact I have made a copy of this record available to all honourable senators who will find it with their morning mail. It is by a group called Ocean. Anne Murray is another perfect example of what I have been speaking about.

Hon. Mr. Martin: It is one of the very few records of that type that I know.

Hon. Mr. Davey: With your forbearance, honourable senators, I think I can complete my remarks before we must adjourn. I could go on for some time listing achievements, but I promise you I shall restrain myself. Perhaps one or two miscellaneous examples will suffice.

Our section on the weekly newspapers was entitled "The Community Press". I see in the current issue of *Marketing* that the annual convention of the Canadian Weekly Newspaper Publishers Association in Vancouver later this year will be asked to agree to a change in name for the association. The new name suggested is the Canadian Community Newspapers Association. Then there is an article written by Bill Hutton in the *Canadian Broadcaster* entitled "The CRTC Should Learn the Davey Methods," from which I should like to read:

> Private broadcasters who appeared as witnesses before the Davey Committee couldn't help but compare the atmosphere of the hearings with those conducted by the Canadian Radio-Television Commission. The major witnesses sat on the same level as the Chairman with the committee members sitting in front. There was none of the mental put-down of the CRTC hearings where the accused, pardon me, the witness, must stare up at his judge and jury. I believe that in main, the Davey committee created an atmosphere where men could talk as equals.

We said some flattering things about CBC radio, and if time permitted I could document the fact that CBC radio audiences are growing to record proportions. Indeed, CBC radio ratings are now the highest ever for them in the cities of Toronto and Montreal and, as recommended by our committee, the corporation is finally promoting its radio service by means of its television service.

Then, there is the farm press. Here is the way we completed the section of our report on the farm press:

> There is a healthy future, it appears to us, for those which recognize that the farm press is a legitimate branch of the business press.

We said that, and we said also that these people, the farmers, no longer rely on the farm magazine to give them entertainment, national and world news, childrens' features and home-help hints. We went on to say:

> But the specialized farmer has special needs.

The section, if I may complete it, says that the future is bright for those who recognize that the farm press is a legitimate branch of the business press.

Here is an advertisement which came from *Marketing* which I am sure you know is an advertising trade paper "Farming has become a business. The Free Press Weekly has become a business report. It has become Report on Farming." And so, at least in this particular regard, it would appear that Mr. Richard Malone has taken at least some of our advice.

Honourable senators, I appreciate your patience and I shall now turn to my concluding remarks. Our report makes clear, I think, that any real progress in this whole area is in the hands of other people. Indeed, we say we also believe that there is very little that government can do or even should do to bring these improvements about. That is why I honestly believe that our recommendations really represent only the tertiary value of this report. The report's fundamental significance is that it has provided the people of Canada, including viewers, readers, owners and members of the working press, with one considered assessment of their performance; one set of insights into their activities. A free press presumes responsibility. While urging the preservation of press freedom, we have at the same time tried to remind owners of this very responsibility.

Then in the process comes the study's other great virtue; we have tried to alert the people of Canada to their responsibilities as the consumers of mass media. By and large, they have been a responsive audience. Certainly one measure of public interest in the report has been the flood of speaking engagements which certainly I have been offered. I try to fill as many as I possible can. Whenever I go and speak somewhere I do open-line radio, television, academic interviews, and I try to see anybody who is interested. I have been from Halifax to Vancouver and from Montreal to Winnipeg, and just about everywhere else in between.

I think that publishers, broadcasters and others who really do care about media—and I have said many times that I do not quarrel even for a moment with the sincerity of these people—should accept the new politics of involvement which hopefully will accentuate and renew public interest in the media.

I have spoken already about the role of the working press in achieving some of these reforms, and I think the working press is beginning to move in that direction, and so, I am confident, are the owners. Something must surely come out of the meeting of the Canadian Association of Broadcasters which took place in Montreal last week. There are very encouraging stirrings at the meetings of the Canadian Daily Newspaper Association which are taking place this very week in Toronto. If I might quote from an article by Mr. Pat McNenly of the Toronto *Star* of yesterday, he said:

> Newspaper officials interviewed yesterday generally welcome Davey's report...Canadian Press members will vote immediately tomorrow morning to decide if the annual meeting will be opened.
>
> Several of the publishers and executives interviewed yesterday opposed the closed door policy.

[Hon. Mr. Davey.]

I am delighted to say that by that vote taken in Canadian Press the doors were in fact opened. For the first time in its 54-year history CP partially opened the doors of its annual meeting to reporters. Canadian Press, as I am sure you know, is a co-operative news agency servicing 104 Canadian newspapers which finance it and determine its policy. And so we had the doors at least partially opened.

I also received two reports which I have been unable to confirm. One is that CP voted at its meeting to do as the Senate committee suggested and send more CP correspondents throughout the world. I also have a report that the publishers have decided that henceforth the meetings of the Canadian Daily Newspaper Association should at least be partially open.

To be clear in my position on this, there is no doubt at all that the CAB and the CDNPA obviously will have parts of their meetings which will be closed to the public, but most of the meetings should be open and I am delighted to know that apparently that is the direction in which things are moving. So, honourable senators, perhaps the long sleep is over. Certainly many publishers have expressed to me privately that at least the slumber has been disturbed; and, perhaps, after all that has been worthwhile. Hopefully the same thing will happen inside the Canadian Association of Broadcasters. Time will tell. Perhaps, indeed, the immediate future will give us some idea.

GOVERNMENT PROPERTY TRAFFIC ACT

BILL TO AMEND—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Earl W. Urquhart, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report of the committee on Bill S-3, to amend the Government Property Traffic Act:

> The Committee recommends that the Bill should not be proceeded with further in the Senate in view of the following letter received on March 23, 1971, by the Deputy Chairman from the Honourable Arthur Laing, P.C., Minister of Public Works:
>
> "It would be appreciated if you could report to the Senate Legal and Constitutional Affairs Committee that the Department of Public Works does not wish to proceed further with the subject bill because of various technical problems which have recently come to light involving municipal, provincial and federal relations."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Urquhart: With leave, now.

Report adopted.

CRIMINAL CODE (BAIL REFORM)

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Earl W. Urquhart, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-218, to amend the provisions of the Criminal Code relating to the release from custody of accused persons before trial or pending appeal, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Urquhart moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 29, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

MASS MEDIA

QUESTION OF PRIVILEGE

Hon. Paul Desruisseaux: Honourable senators, I rise on a question of privilege. I wish to refer to what my good friend Senator Davey said, among other things, in his speech yesterday. I agree with him that we are good friends, but we can differ on certain views. I do not intend to make a speech about that now.

As reported in Senate *Hansard,* at page 926, speaking about the early deliberations of the committee, he made reference to Rule 84, which has since been amended. At that time it read:

> No senator who has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown, in the inquiry to be entrusted to any Select Committee, shall sit on such Committee, and any question of interest arising in the Committee may be determined by the Committee, subject to an appeal to the Senate.

I looked up Rule 84, but could not find where it applied. However, my colleague Senator Molson referred me to Rule 75, which seems to be the correct rule to cover what was said by Senator Davey.

After having made reference to this rule, Senator Davey said that at the time he was talking about I apparently had at least "a limited amount" of interest remaining in some media holdings by virtue of "four separate media involvements". I wish to state categorically that neither I nor any member of my family, including my wife, have any direct or indirect interest in the media. I must say this in order to correct any possible misunderstanding of my role in the Senate and to remove any reflection which may have been cast by this reference.

Senator Davey referred to the fact that his committee had "access to the *Canadian Parliamentary Guide* at the time," and that that Guide listed my involvements in the media field. Let me say at once that the Parliamentary Guides of 1971, 1970, 1969, 1968 and 1967 contain exactly the same information about me. But they contain a misrepresentation. Unfortunately, my attempts to have this situation corrected have failed. On two occasions, once a few years ago and again last year before the printing of the current Guide, I submitted to the editor of the *Canadian Parliamentary Guide* certain corrections concerning what the Guide had to say about me. Those corrections were not made and I regret that very much because it has led to some misunderstanding. Moreover, upon discussing this matter with other senators I have found that they too have complaints to make about this Guide.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Desruisseaux: I think we should air this question because the Guide is widely used and the public is being misinformed. For instance, when it comes to serving on Senate committees, the Guide informs the public whether or not we have specific interests. I think this matter should be looked at carefully with a view to having the Guide give up-to-date and accurate biographies of members of the Senate and of the House of Commons.

Furthermore, normally when biographies are printed, permission is first obtained from the subject of the biography and a copy of the proposed material is sent to him. If no answer is forthcoming, the material is printed. If, however, some amendments are made to the material, then the biography is printed as amended. But this is not what is being done here, and the way the *Canadian Parliamentary Guide* is produced is passé. I should hope that in this instance they will make a correction.

Before I sit down, honourable senators, let me add that I was quite surprised to receive such attention in the remarks made by my good friend Senator Davey. He is quite right in making these comments, but as far as I am concerned I question some of them. He referred to me on three different occasions during his speech when referring to the CBC. On page 927 he said: "Honourable senators, Senator Desruisseaux also had much to say about broadcasting; much about the CBC, which he does not like."

Then on page 928 at paragraph 2, he said: "Senator Desruisseaux does not like the CBC."

In the third paragraph he said, "Honourable senators, Senator Beaubien, like Senator Desruisseaux, does not like the CBC." The implication is to present me as an adversary of the CBC. During the time I have been in the Senate I have made some speeches in favour of the CBC, and I will leave it to the Senate to judge what I have done in the past.

If I say that the CBC has a right to be investigated, the same as private media are investigated, then that is my observation. It does not mean that I want the CBC abolished. I want it to be the best media in the world. I was not present during Senator Davey's speech. I was absent intentionally in order not to cause any embarrassment because I realized that some remarks would be made about my speech on mass media and I wished to leave the ground free for Senator Davey. As to my attendance, I will let honourable senators judge that. I think it is as good as the average or better. That is all that I have to say.

Hon. Lionel Choquette: Honourable senators, I am glad that the question of the *Canadian Parliamentary Guide* was raised by my friend Senator Desruisseaux. I myself have been a victim of some misrepresentation, or at least I was not properly identified. In my short curriculum, which is usually written by each individual—mine is very brief—it says:

Summoned to Senate, Jan. 31, 1958.

Then it states:

Appointed Deputy Government Leader in Senate.

There is no year given and no date. So that I am still the Deputy Leader to my good friend Senator Martin. I am very proud to be occupying that position.

Hon. Mr. Langlois: We are pleased to have you.

Hon. Mr. Choquette: On several occasions I have pointed that out, and I have tried to add a little bit to this because I have been appointed director of some defunct companies.

Hon. Mr. Martin: Does not the honourable senator realize what a grievance he would have if they had given him the wrong political allocation?

Hon. Mr. Choquette: This is only one grievance I have, but let us hope that after these remarks of Senator Desruisseaux, together with mine and the complaints that may be made by other honourable senators, this will not be just an automatic renewal from year to year and that if we are asked to add to or subtract from our numerous qualifications such additions or subtractions will be included in the next edition of the *Canadian Parliamentary Guide.*

Hon. Mr. Desruisseaux: I should have stated that the *Canadian Parliamentary Guide* is "edited with the patronage of the Parliament of Canada and the legislatures of the various provinces."

The Hon. the Speaker: The honourable Senator Desruisseaux rose on a question of privilege and clarified certain statements made in the debate on the Mass Media report. He also raised a particular point with respect to the *Canadian Parliamentary Guide.* I am glad that Senator Choquette also spoke on that point. I have my own grievance to add to those expressed by both honourable senators. I am not sure whether the Standing Committee on Internal Economy, Budgets and Administration could deal with this matter. However, I would consider having those responsible for the *Canadian Parliamentary Guide* indicate at what time we should bring forward appropriate changes as the years go by. A good suggestion to them would be to check whether a biography is correct before printing it in the current edition. I hope that the Chairman of the Standing Committee on Internal Economy, Budgets and Administration will note this for consideration at the earliest date possible.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Osler has been substituted for that of Mr. Kaplan on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of a document issued by the Commissioner of Penitentiaries under date of April 23, 1971, appointing members of a commission of inquiry, pursuant to section 13 of the Penitentiary Act, to investigate certain disturbances at Kingston Penitentiary between April 14 and 18, 1971.

Statutory Orders and Regulations published in the *Canada Gazette,* Part II, of Wednesday, April 28, 1971, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952.

Copies of Bulletin entitled "Corporate Disclosure Requirements as they Pertain to Mining Companies," issued by the Department of Energy, Mines and Resources under date of November 1970. (English text).

[*Translation*]

HON. EDGAR E. FOURNIER

FELICITATIONS ON RETURN TO CHAMBER

Hon. Paul Martin: Honourable senators, I would like to extend a warm welcome to Senator Fournier (Madawaska-Restigouche) who is back in the house and seems to be in good health.

[*English*]

CRIMINAL CODE (JURY SERVICE FOR WOMEN)

BILL TO AMEND—FIRST READING

Hon. F. Elsie Inman presented Bill S-20, to amend the Criminal Code.

Bill read first time.

Hon. Mrs. Inman moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

SCIENTIFIC AND TECHNOLOGICAL COOPERATION

AGREEMENT BETWEEN CANADA AND FEDERAL REPUBLIC OF GERMANY

Hon. Paul Martin: Honourable senators, with leave of the Senate and in accordance with a previous arrangement, I should like to comment on an agreement I tabled yesterday between the Government of Canada and the

Government of the Federal Republic of Germany on scientific and technical co-operation.

It will be recalled that last June I tabled a collection of papers entitled "Foreign Policy for Canadians". These papers comprised a review of our position in the international community. In that review the Government stressed:

> Canada has a large stake in Europe, the only area outside North America where the major themes of Canadian policy converge. Trade and financial relations with Europe are of substantial importance to Canada's own economic growth and to a maintenance of a stable and prosperous international community. Co-operation with likeminded countries in Europe will continue to be an essential factor in the success of international ventures aimed at world order, social justice and environmental improvements. Scientific, technological and cultural relations with the highly-developed countries of Western Europe influence the quality of life in Canada and help to strengthen its independence, unity and identity. The security of Europe is vital to the maintenance of global peace and security.

This agreement with the Federal Republic of Germany is evidence of the concrete steps which Canada is taking to intensify her close co-operation with the countries of Europe, particularly the countries of the European Common Market. Already this year we have concluded similar scientific and technological agreements with Belgium and the Soviet Union. The purpose of these agreements is to facilitate the exchange of information and create conditions under which both parties will profit from research developments in their respective countries. These exchanges of information and personnel are of great value to Canada's long-term trading and industrial development potential.

This agreement was signed by my colleague, Mr. Pepin, the Minister of Industry, Trade and Commerce, last week. He headed a delegation of prominent Canadian businessmen and senior federal and provincial officials, who went to Germany about two weeks ago. In addition to signing the agreement, he endeavoured to draw Canada and the Federal Republic into an even closer economic relationship, and to discuss with German ministers and the Governor of the Central Bank of the Federal Republic a variety of bilateral European and multilateral trade problems.

Our relations with the Federal Republic of Germany are very good, and that country continues to be our fourth largest trading partner. It is the policy of the Government to diversify our relations throughout the world, and, as I have already noted, especially to intensify our relations with our allies in Europe. This agreement, which provides an umbrella for the future development of our scientific and technological relations with the Federal Republic, is but one aspect of a broader policy the purpose of which is to intensify our already close relations with such countries as Britain, France, Germany and other members of the European community.

[Hon. Mr. Martin.]

In addition to this determination, this agreement came about as the result of discussions carried out by a mission of scientists and officials from business and government which visited Germany for this particular purpose. This preliminary mission, which laid the groundwork for this agreement, constitutes in itself an example of the type of exchange which these agreements are designed to encourage. We expect later this year to receive in Canada a similar delegation of German scientists and industrialists.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, May 4, 1971, at 8 o'clock in the evening.

Motion agreed to.

[*Translation*]

PUBLIC ORDER (TEMPORARY MEASURES) ACT, 1970

EXPIRATION APRIL 30, 1971—QUESTIONS

Hon. Jacques Flynn: Honourable senators, as the Act to provide temporary emergency powers for the preservation of public order in Canada, i.e., Bill C-181, will cease to be in force tomorrow April 30, is the Government Leader in a position to inform the Senate of the implications in regard to the following:

1. Persons who have been indicted of affiliation to the FLQ;

2. Persons who might be indicted because of events prior to October 16, 1970, or at least April 30, 1971;

3. Persons who, after April 30, 1971, could support the FLQ in the manner described in clause 8 of Bill C-181?

Hon. Mr. Martin: Honourable senators, Senator Flynn had given me notice this morning of his intention to put these questions. I was not to reply immediately but I can, at least, give my personal impressions.

The senator asks me whether the act to provide temporary emergency powers for the preservation of public order will cease to be in force tomorrow April 30 in regard to several groups of persons, and in the first place persons who have been indicted of affiliation to the FLQ. I would reply yes to question No. 1, that these indictments against these persons remain valid.

Regarding question No. 2, I am under the impression that, as in the case of the previous question, indictments are still valid.

Regarding question No. 3, under provisions of the Criminal Code, any accusation of seditious plot remains in force.

Hon. Mr. Flynn: But not according to the act, not according to Bill C-181.

Hon. Mr. Martin: I might have something to add; I shall certainly add something later.

[*English*]

PENSION ACT AND CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

EFFECT OF DELAY IN GIVING ROYAL ASSENT—QUESTION ANSWERED

Hon. Paul Martin: Honourable senators, Senator White asked me a question yesterday. I am not sure that I am giving the kind of answer that will fully satisfy him, but it is the best I can do in the circumstances.

Bill C-203, to amend the Pension Act and the Civilian War Pensions and Allowances Act, as honourable senators will recall, was read the first time in the Senate on February 23, 1971. On February 24, 1971, the second reading was moved by Senator Lang. The bill was not read a second time until March 9, because of delays the responsibility for which does not rest only on this side. I do not want to go further than that.

The bill was considered by the Standing Senate Committee on Health, Welfare and Science on March 11 and March 17. It was reported back to the Senate, without amendment, on March 17.

The bill was read the third time and passed on March 18. I think the bill should have been ready for royal assent which took place on March 11. I do not think I can really add anything more.

Hon. George S. White: On what date was royal assent given?

Hon. Mr. Martin: There was royal assent on March 11.

Hon. Mr. White: No, the bill received third reading on March 18 and was given royal assent on March 30.

Hon. Mr. Martin: Yes.

Hon. Mr. White: The honourable leader has given no explanation as to why this bill was not given royal assent on March 18, so that the benefits conferred under it would become immediately effective. This is not a complaint. I simply wish to point out that by the delay, for which no explanation has been given, the widows and veterans who benefit under this bill have lost two weeks' benefit.

Hon. Mr. Martin: I do not think I can add anything more. There was certainly no default on the part of any one in the Senate which caused delay in obtaining royal assent. I cannot add to this. With regard to other delays which took place before passage of the bill, I have suggested that the blame does not rest entirely on this side.

Hon. Mr. White: I agree with that, but the honourable Government Leader should realize that he cannot expect to bring forward bills in this house and have first, second, and third readings the same day.

Hon. Mr. Martin: I know.

Hon. Mr. White: I suggest to the honourable Government Leader that there was no reason for the delay. I still have not had a satisfactory explanation of why royal assent was delayed for two weeks.

Hon. Mr. Martin: That is why I said, when I tried to make my reply as diplomatically as I could, that I knew it would not satisfy the honourable senator.

Hon. Mr. Flynn: Nor yourself.

Hon. Mr. White: The honourable leader knows that no one but the Government can arrange royal assent.

Hon. Mr. Martin: That is right.

Hon. Mr. White: The Leader of the Government knew that this bill would receive third reading and be passed on March 18. My question is: Why did not the Leader of the Government arrange royal assent on that day, so that the benefits under this act would be available immediately to these veterans of Hong Kong?

Hon. Mr. Martin: I cannot add any more. I hope it will not be suggested the delay was mine.

Hon. Mr. White: No, but after all the Leader of the Government in the Senate is a member of the Government, and he has some responsibility.

Hon. Mr. Martin: There is no doubt about that.

Hon. Mr. White: Then, did the leader recommend to the cabinet that there be royal assent on March 18?

Hon. Mr. Martin: I suggest to the honourable senator that he look at my reply.

Hon. Mr. White: It says nothing.

Hon. Mr. Martin: That was the idea.

Hon. Mr. White: I quite realize that; it says nothing. As a result, these veterans of Hong Kong, having waited 25 years, are delayed a further two weeks in obtaining benefit under this bill.

CRIMINAL CODE (BAIL REFORM)

BILL TO AMEND—THIRD READING

Hon. J. Harper Prowse moved the third reading of Bill C-218, to amend the provisions of the Criminal Code relating to the release from custody of accused persons before trial or pending appeal.

Motion agreed to and bill read third time and passed.

CANADA-UNITED STATES RELATIONS

REASSESSMENT OF CANADA'S POSITION—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Manning, P.C., calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.—(Honourable Senator O'Leary).

Hon. Mr. Flynn: Stand.

Hon. Mr. Martin: Will Senator O'Leary not be here to go on today?

Hon. Mr. Flynn: Not that I know of.

Hon. Mr. Martin: Perhaps we could simply stand it until later this day, since I understood he intended to go on.

Hon. Mr. Flynn: If he intended to come, I have not heard about it.

Order stands.

CANADA-FINLAND SUPPLEMENTARY INCOME TAX CONVENTION BILL

SECOND READING

Hon. Daniel A. Lang moved the second reading of Bill S-18, to implement a Supplementary Income Tax Convention between Canada and Finland.

He said: Honourable senators, this is a simple and straightforward piece of legislation which involves an amendment to the tax treaty between Canada and Finland. The amendment is consequent upon a Finnish amendment to Finland's own internal tax laws.

It might be of interest to know that Canada has 16 tax conventions with other countries in the western world, including this one with Finland which was entered into in 1959.

The amendment embodied in Bill S-18 has come about at the request of Finland, because in 1969 Finland, by changing its internal tax laws, required all Finnish corporations to declare all income including dividends from foreign subsidiaries as part of its taxable income, notwithstanding the source of the income.

Without this amendment, a Finnish corporation operating a subsidiary in Canada would find that the dividends from its Canadian subsidiary were fully taxable in its hands in Finland, notwithstanding the fact that the dividends had been paid out by that Canadian subsidiary after the Canadian subsidiary had paid the full Canadian tax on its income.

This amendment provides that a Finnish corporation carrying on business in Canada through a subsidiary after that subsidiary has paid the full Canadian tax and has remitted moneys to its parent corporation in Finland, will receive those dividends from its Canadian subsidiary tax-free in Finland.

Naturally this is a reciprocal provision so that the same thing would apply to Canadian companies operating subsidiaries in Finland. It does not affect the Canadian tax structure in any way whatsoever.

On first looking at Bill S-18 it occurred to me to wonder how important this legislation was, consequent upon the extent of Finnish economic activity in Canada, and particularly while debate is in progress on Senator Manning's motion concerning Canada-United States relations. It is interesting to note that Finland is in many ways similar to Canada. Finland's climate is much the same as Canada's climate and its natural resources are in much the same range as our own. It is a much smaller state. It is not as large as either Ontario or Quebec, nor is it as richly endowed in natural resources as either of those two provinces.

Like Canada, Finland also neighbours on one of the two great powers of the world. Unlike Canada's neighbour to the south, Finland's neighbour, the Russian presence, is not entirely friendly. Russia will freely and without consideration for Finnish sensitivities intervene in Finland's internal political and economic situation when Russia deems it advisable to do so in its own interests.

Notwithstanding Finland's small size and the omnipresent threat from her Russion neighbour, Finland has since World War II become one of the most highly industrialized and advanced countries in the western world in a technological sense. Since World War II half of the world icebreakers have been produced by Finnish shipyards. Finnish manufactured products such as tractors and road-building equipment are being manufactured in Brazil and Spain either under licence or in assembly plants directly. Finland produces paper-making machines which are exported to all parts of the world, including Russia. It manufactures a whole range of paper products and competes successfully in world markets with Canada, the United States and Russia. A country of such relatively small size and population, with a climate and resources similar to ours, Finland is an example that Canada can benefit from. Despite obstacles and handicaps, Finland has moved from a non-industrialized, impoverished country of post-World War II to become a nation whose products and technology can match the best that any country can produce.

Honourable senators, I am pleased to commend this bill to your favourable consideration. I am sure it will meet with your approval, and because it is relatively simple and uncomplicated I do not intend to refer it to committee unless it is your wish that this be done.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lang moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PRIVATE BILL

ROYAL VICTORIA HOSPITAL—SECOND READING

Hon. L. P. Beaubien moved the second reading of Bill S-19, respecting the Royal Victoria Hospital.

He said: Honourable senators, Bill S-19 proposes to amend the charter of the Royal Victoria Hospital in Montreal, which charter is dated June 23, 1887. There are many provisions in the act of incorporation of the hospital which have become obsolete over the years as a result of which it is completely unworkable today. One of the main reasons for this is the Quebec Hospitals Act.

The charter of the hospital contains ten clauses, and it is proposed to amend practically each one of them. This

is really what I might call a process of streamlining. For example of the 15 governors of the hospital, seven persons were named as governors *ex officio*. They were, among others, the Mayor of Montreal, the President of the Board of Trade of the City of Montreal, the President of the Canadian Pacific Railway Company, the President of the Bank of Montreal, the Chief Officer, resident at Montreal, of the Grand Trunk Railway Company of Canada, the Principal of the University of McGill College, and the Dean of Medicine of the said university. It is considered that this is no longer practicable since the Quebec Hospitals Act now covers these things.

Furthermore, under the charter the hospital was entitled to open cottage hospitals as branches at Banff, Alberta, and at Caledonia Springs, Ontario. The Quebec Hospitals Act provides for one hospital only in the Province of Quebec.

If honourable senators give second reading to this simple bill, I shall move that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Mr. Martin: May I ask honourable Senator Beaubien if the Royal Victoria Hospital has any legal relationship with McGill University or does it simply serve as a teaching hospital?

Hon. Mr. Beaubien: Other than the fact that it was a teaching hospital, there does not seem to be any tie between them according to the charter. But, as I told you, the Board of Governors of the hospital had to include the Principal of the University of McGill College, and the Dean of the Faculty of Medicine, so that there was by virtue of that fact a very strong liaison.

Hon. Mr. Burchill: Is the Montreal Neurological Institute part of the hospital?

Hon. Mr. Beaubien: No, that is a separate institute built and paid for by Mr. J. W. McConnell.

Hon. Mr. Martin: Senator Beaubien has said it was built and paid for by Mr. J. W. McConnell. I wonder if I might take issue with that statement. There is no doubt whatever that he was a great benefactor of the Neurological Institute, but I would point out that the provincial government had also been giving annual grants to the institute. However, these grants were not sufficient and so Dr. Penfield, the distinguished neuro-surgeon, addressed himself to the federal Government and as a result the federal Government made substantial grants to the institute for both construction and equipment.

So, honourable senators, I think the facts will show that it was built and equipped as a result of the contributions by the two levels of government as well as by individuals, particularly Mr. J. W. McConnell.

Hon. Mr. Choquette: Who was Minister of Health and Welfare in those days?

Hon. Mr. Martin: I happened to be the Minister of Health and Welfare.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Beaubien, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

COMBINES INVESTIGATION ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act"—(Honourable Senator Benidickson, P.C.).

Hon. Paul Martin: Honourable senators, Senator Benidickson who intended to speak at this time is engaged on public business elsewhere and cannot be here. In the circumstances I would ask that the order stand.

Order stands.

INFORMATION CANADA

PRINTING AND DISTRIBUTION OF GOVERNMENT PUBLICATIONS

Hon. Paul Martin: I wonder if I might have leave of the Senate to place on record my reply to something that Senator Davey said about Information Canada.

Hon. Senators: Agreed.

Hon. Mr. Martin: Information Canada does its utmost to anticipate the demand for special reports of the kind mentioned yesterday by Senator Davey. The minister in charge has asked me to point out that unfortunately in this instance the demand was much higher than anticipated. I present the following schedule of the printing and reprinting of the Mass Media publication:

Printed for Senate	Volumes	Date Received	Printed for Information Canada
750	Vol. I English	1-12-70	3,000
	Vol. I Reprint	17- 3-71	2,800
750	Vol. II English	7-12-70	2,000
	Vol. II Reprint	26- 3-71	2,200
750	Vol. III English	3-12-70	2,000
	Vol. III Reprint	17- 3-71	2,200
300	Vol. I French	1-12-70	1,000
300	Vol. II French	7-12-70	750
300	Vol. III French	3-12-70	750
			16,700 Total

Advance copies of the publications were sent to Miss Barry of the committee on December 7, 1970. Copies were also despatched to Mr. J. W. Dean of the Senate, and Mr. J. E. Levesque, House of Commons Distribution, on December 8, 1970.

The report was tabled in this house on December 9, 1970, and this gave Information Canada two days only in which to make distribution to bookshops across Canada. Token shipments—25 copies—were forwarded by air freight to Vancouver, Winnipeg and Halifax with a similar number of copies being sent to Toronto and Montreal for December 9, 1970.

On behalf of the Honourable Robert Stanbury, I should like to make it clear that Information Canada received no instructions whatsoever from the Special Senate Committee on Mass Media to sell the books in sets of three. Information Canada officials did, however, ensure that greater quantities of Volume I were printed in anticipation of a larger number of requests for this volume.

I would have to agree that there were delays in connection with reprint action, but these were occasioned by virtue of corrections to be submitted by the committee.

With reference to the advertisement in the Toronto newspapers on the opening of the Inquiry Centre in that city, which also mentioned the report of the Mass Media Committee, there was no particular reason why it did not mention that Volume I could be obtained for $3.50. In addition the book was not available at the bookstore because it has been sold out prior to the opening of the Inquiry Centre. Also reprints were ordered.

With regard to the complaint by Michael J. Divers of London, Ontario, his request reached Information Canada at a time when an unusually heavy volume of requests were being received for all types of publications. In fact, requests were so heavy at that time that a backlog developed, but this has since been cleared up.

Adverting to the question of furnishing private bookstores with copies of this report it is not the policy of Information Canada to communicate directly with bookstores informing them of titles for the simple reason that Information Canada does not have the staff, and consequently cannot handle the volume of business generated by this type of sales promotion.

Hon. Mr. Everett: May I ask the Leader of the Government a question which is relevant to this subject? The Standing Senate Committee on National Finance is embarking on a series of what we hope will be very important hearings on the exercise of fiscal and monetary policy in Canada. It has been suggested by one of our colleagues that perhaps Information Canada could play a role in publicizing those hearings. I wonder if the Leader of the Government knows whether Information Canada can play such a role, and, if so, how the chairman of the committee may cause Information Canada to take appropriate action.

Hon. Mr. Martin: Perhaps Senator Everett and I can meet briefly following the adjournment in order to discuss how I can meet his request. At the moment I do not think I am in a position to answer his question.

Hon. Mr. Everett: I think the two of us could solve any problem.

Hon. Mr. Carter: I should also like to ask a question of the Leader of the Government. I understand that the Queen's Printer used to do quite a lot of promotion of publications. The Government Leader has just said that Information Canada is not doing any promotion. Is this promotional work still being done by the Queen's Printer, or is it not being done at all?

Hon. Mr. Martin: I do not think I said it was not doing any promotion, but a certain amount of promotion was not being undertaken because Information Canada did not have the staff. As to the remainder of the question, I think it would be best for me to inform myself, and supply the answer later.

Hon. Mr. Choquette: Why do the three of you not meet?

Hon. Mr. Martin: That is not a bad idea.

The Senate adjourned until Tuesday, May 4, 1971, at 8 p.m.

THE SENATE

Tuesday, May 4, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

HON. JOHN J. MACDONALD

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Jacques Flynn: Honourable senators, I rise at this time because yet another Conservative senator has retired. I refer to the honourable Senator John J. MacDonald. Senator MacDonald, you will recall, has been absent for quite some time and it would appear that the condition of his health is such that his physician could not foresee a day in the proximate future when he might be well enough to again take his place among us. Consequently, it was suggested to him by his family and medical advisor that he should retire.

Senator MacDonald, before he came to us, had enjoyed successful careers as both a farmer and a soldier. He was also president for a time of the East River Dairy Company, the East River Telephone Company and the P.E.I. Dairymen's Association. An Islander more beloved and respected by the people whom he represented in this chamber would be difficult to find. We on this side of the house enjoyed having him with us. He was witty, charming and very human.

I know we will miss him and we all wish him restored health and many years of peaceful happiness with his family.

Hon. Paul Martin: Honourable senators, we have been informed with regret, as Senator Flynn reminds us, of the resignation of Senator John J. MacDonald. Senator MacDonald was summoned to this house in 1958 by the then Prime Minister, Mr. Diefenbaker.

As Senator Flynn has noted, Senator MacDonald was a soldier and farmer for the better part of 50 years. He was also active during this period in business. He was well known and respected in farming circles in Prince Edward Island. He has served Canada in the Senate with no less dedication.

We are sad to see one of our colleagues departing and on behalf of the Government and my fellow senators on this side, I extend to Senator MacDonald our best wishes for a happy and fruitful retirement. Furthermore, we hope that he will be restored fully to good health. We will miss him for his many qualities, not least of which will be his strong and resonant voice.

Hon. F. Elsie Inman: I should also like to say a few words about Senator MacDonald, whom I have known for many years. He is a veteran of two wars. He was elected to the Legislature of Prince Edward Island and contributed a good deal to his province, especially to its agricultural life. His wife, who came from the same district that he did, lived in Ottawa for a number of years before they were married and she made many friends here. I understand that Senator MacDonald will be living with his daughter in Saskatoon. I am sure that he will be greatly missed in this house and by his friends here and in Prince Edward Island.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. McQuaid has been substituted for that of Mr. La Salle on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of the Annual Handbook of present conditions and recent progress entitled "Canada 1971".

Copies of Order in Council P.C. 1971-789, dated April 27, 1971, amending Parts I and II of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, chapter 42, Statutes of Canada, 1968-69.

Copies of correspondence, dated April 2, 29 and 30, 1971, exchanged between the Office of the Prime Minister and the Premier of the Province of Quebec with respect to the Public Order (Temporary Measures) Act, 1970. (French text).

Report respecting operations of the Medical Care Act for the fiscal year ended March 31, 1970, pursuant to section 9 of the said Act, chapter 64, Statutes of Canada, 1966-67.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1) (a), that the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting on Thursday next, May 6, 1971, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—ADDITIONS TO SENATE MEMBERSHIP

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1) (h):

That the names of the honourable Senators Choquette and Sullivan be added to the list of senators serving on the Joint Committee on the Library of Parliament; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

COUNCIL OF EUROPE

CONSULTATIVE ASSEMBLY MEETING IN STRASBOURG, FRANCE, 1971—DEBATE ADJOURNED

Hon. Hartland de M. Molson rose pursuant to notice:

That he will call the attention of the Senate to the debate on development co-operation at the Consultative Assembly of the Council of Europe, in Strasbourg, France, on 26th January 1971, and in particular to the participation therein of the delegation from the Parliament of Canada.

He said: Honourable senators, I believe that you will be aware, following the visit to Ottawa in March of this year of the delegation from the Consultative Assembly of the Council of Europe, that our Parliament was invited by the Assembly to participate in the debate on co-operation in international development aid on January 26 last in Strasbourg. Our delegation, whom I shall mention shortly, consisted of only three members. It was a small delegation rather less impressive than the Australian delegation of nine, but I believe that our visit was worthwhile.

Our delegation received its briefing through the office of Mr. I. G. Imrie of the Interparliamentary Relations Branch, who arranged for the Parliamentary Centre for Foreign Affairs to undertake that task. It was well done by Mr. Peter C. Dobell, whose experience and guidance were invaluable, and with the active co-operation of the House of Commons Subcommittee on International Development Assistance, under the chairmanship of Mr. Georges-C. Lachance.

However, I must draw attention to one aspect in which the Canadian effort is unsatisfactory. I refer in this case to transportation arrangements. The armed forces are requested to provide transportation for parliamentarians going to Europe, instead of delegations being provided transportation in the normal way. As the departures do not necessarily coincide with suitable dates, it may mean that a delegation leaves three unnecessary days too early, comes home several days too late or, as happened in our case, almost all our delegation arrived at Strasbourg at 2 o'clock in the afternoon, after a sleepless night, and promptly found themselves in the middle of activities. Also, as the most convenient flight home—a day after our task was finished—was cancelled, the delegation was provided with funds to remain from Thursday to Sunday instead of returning home to some useful activity.

If these delegations are worthwhile, they should go by armed forces transport only if it is available at a suitable time, and I believe the forces should be reimbursed for these fares. Otherwise delegates should be provided economy fares on commercial flights at times enabling the delegates to do a proper job and to return to their essential work. I submit that there is no real economy in this present system, and that, in future, transportation to Europe be arranged on a more realistic and useful basis.

Having registered these views on planning and arrangements, let me return to my subject. The Council of Europe was established in 1949, with a membership limited to European states which:

Accept the principles of the rule of law and of the enjoyment by all persons within their jurisdiction of human rights and fundamental freedoms.

I should mention that Sir Winston Churchill was in large measure influential in the council's establishment, and a large bust of him is very much in evidence in the assembly building.

The members of the Council of Europe are: Austria, Belgium, Cyprus, Denmark, France, Greece, Iceland, the Irish Republic, Italy, Luxembourg, Malta, the Netherlands, Norway, Sweden, Switzerland, Turkey, the United Kingdom, and West Germany, although at the moment the membership of Greece is in abeyance.

The council has two organs: the Consultative Assembly, a deliberative body consisting of 147 persons elected or appointed representatives of their national parliaments, and the Committee of Foreign ministers of the member countries. It is this latter Committee of Foreign Ministers which provides the vehicle to governments for action subsequent to any conclusion of the assembly. These bodies are jointly assisted by a large and competent secretariat.

International development aid activities are conducted, not by the council but by the OECD—the Organization for Economic Co-operation and Development—which includes 15 of the members of the Council of Europe, as well as Finland, Portugal, Spain, Canada, the United States, Australia, and Japan, a total of 22 nations. OECD in turn, insofar as development assistance is concerned, acts through its committee specially created for the purpose, called the Development Assistance Committee, known as DAC. DAC does not include, for obvious reasons, the participation in development aid of such less endowed countries as Cyprus, Greece, Iceland, the Irish Republic, Luxembourg, Spain, and Turkey.

Honourable senators, I realize how confusing these overlapping organizations are, particularly when we also have the European Economic Community which, as you know, has six European countries in it, and NATO, which is composed of 12 countries of Europe, with Canada and the United States as well. In order to make the relationship clear, I am submitting a table showing

which countries are members of these different organizations.

The Hon. the Speaker: Honourable senators, is it agreed that this table be printed as an appendix?

Hon. Senators: Agreed.

(*For table see Appendix, p. 963*)

Hon. Mr. Molson: Having done this, I will remind you that the debate I am discussing was that of the Council of Europe, and the reason for our invitation to participate was that the subject was aid to developing countries. The programs and progress of the special international agency concerned with development aid, which I have just described, that is, the Development Assistance Committee of OECD, was being examined.

In any event, the one day, January 25, spent in familiarization and planning the program for the debate on the next day, was all too short.

The order of business in the assembly on the 26th occupied a very full day, from 10 o'clock in the morning until about 7 o'clock in the evening, and it is not easy to summarize briefly. It started with a full statement by Edwin M. Martin of the United States, Chairman of the Development Assistance Committee of OECD. He discussed in broad terms the results of the previous year as far as assistance was concerned, and more particularly, the analysis of those activities which was being presented to the assembly that day in the form of four different papers.

The first paper was on "Employment and Development," presented by Mr. Judd, a Labour M.P. of the United Kingdom, and was based on the conclusions of a round-table discussion held in Rome in November.

The second paper, a critique of the 1970 annual report of the chairman of the Development Assistance Committee, was presented by Mr. LaLoggia of Italy. The third paper was a report on "Education and Development" by Mr. Capelle of France. The fourth paper was a report on development assistance in Latin America. These papers were all of an extremely high quality and were debated during the balance of the day.

In this debate the Canadian delegation was composed of Mr. Marcel Prud'homme, Liberal member from St. Denis; G. W. Baldwin, Q.C., Progressive Conservative member from Peace River, and myself.

As I mentioned earlier, the Australians also had a delegation present which, in their case, numbered nine members, under the leadership of the Honourable Sir Kenneth Anderson, Minister of Supply and Leader of the Government in the Senate. They were on an extended trip to Europe and included the visit to the Council of Europe in their itinerary, which explains the large size of their party.

Japan, present for the first time, sent a senior parliamentary representative, Mr. Yoshiteru Kogane, Liberal Democrat Member of their House of Representatives.

The Canadian delegation was received with great courtesy and consideration at all times, and we were led to believe that our contribution was appreciated and considered to be of some value.

The president of the Assembly, Mr. Reverdin of Switzerland, the president of the Committee of Ministers, and the Secretary-General, all invited us for discussions and different functions.

The Canadian delegation had decided that each member would take one aspect of the subject. Accordingly, Mr. Prud'homme spoke on the official Canadian position with regard to development aid; Mr. Baldwin spoke on the problems of educational assistance for developing countries, and I explained Canada's hopes for an original contribution toward the problems of development assistance by the creation in Ottawa of the International Development Research Centre by Act of Parliament in May, 1970. These were in the form of statements.

Certain clear and important points emerged in the debate on the papers and discussions. The first one was that it is imperative, if aid is to be effective, that countries approach the target of .70 per cent of their gross national product as a measure of the amount of government aid granted, and that the target of one per cent of the GNP as a measure of total annual transfers be achieved. The second point was that a new strategy for aid be developed. The third was that greater stress should be laid on the requirements of the developing countries rather than on those of the developed countries. Fourth, educational assistance should be changed in emphasis—away from the university degree of questionable value to more practical and vocational training. Moreover, elementary education should be emphasized as an end in itself and not only as a preparation for further education.

The fifth point was that there should be greater multilateral aid and less bilateral aid, and particularly less tied aid. Finally, there should be considerably greater effort to provide tariff-free or low-tariff markets for products of developing countries.

I am happy to say that, with most of these points, Canada's policy is in agreement, although financially we are still a considerable way from the actual percentage amount set as target.

I am going to say just a few words about each of these subjects because they represent the collective international thinking of how well we have done up to this point, what we have learned by experience, and what, in consequence, we should plan for the future.

First, as unfortunately always seems to be the case, is money. The United Nations General Assembly in October 1970 called upon developed countries to meet a level for their official development assistance of .70 per cent of the gross national product—

Hon. Mr. Martin: What is that percentage, Senator Molson?

Hon. Mr. Molson: It is .70 per cent of the gross national product. Now, that is official governmental assistance.

The assembly also called for a total flow of resources of one per cent of the gross national product. That one per cent would include assistance in the private sector and other than official government contributions.

Canada does not meet these standards but has been getting closer. In 1970, $361 million of official aid showed an increase of $96 million and was .43 per cent of the gross national product.

The second point was strategy. Experience has raised doubts on the direction, emphasis, nature and value of the types of aid provided to the more needy countries. Study indicates that the whole strategy needs revision.

Perhaps I should add a word of explanation in this respect. Quite often in the past—and this would apply over such a broad range that I hate to take any single example—assistance has been given to an undeveloped country to create some massive work. That work is needed. But in providing it, the developed country or countries providing the assistance think in their own terms so that they lend assistance to a project that probably uses numerous bulldozers, earth movers and power shovels. They thereby create the great work. But the problem the country has is that it has 25 per cent unemployment. What they really need is a project that would enable 50,000 people to use shovels and baskets and get out and earn some sort of daily wage. Putting the bulldozers and big machinery into those countries is a wrong approach. I am not saying that the objective is wrong. I am merely saying that in discussing strategy we found many instances where thought had not been given to the best way to cope with these problems. This is what is meant by a whole new approach to the strategy.

The next point I should like to make, which is of special interest to Canadians, is the realization that greater research into the types of assistance is vital. It is of special interest because we believe that Canada has, in this instance, provided some leadership. Mr. Judd, the M.P. from the United Kingdom, said in the course of his summing up, and I quote:

> I should like to reflect what has been said by the rapporteurs, that our Canadian colleagues have put to us not just an idea about an international development centre but a copy of the Act establishing it. I shall take this back to Britain for close study by those interested in development because I think there is something in it from which we can learn.

He was referring to the establishment of the International Development Research Centre which I had described to the assembly that morning in my statement. I will quote from the assembly's official report a short portion of that statement, only to remind honourable senators of this very important and foresighted initiative:

> By an Act of the Canadian Parliament, passed in May 1970, the International Development Research Centre was established, with the following objects:
>
> The objects of the centre are to initiate, encourage, support and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions, and, in carrying out those objects—
>
> (a) to enlist the talents of natural and social scientists and technologists of Canada and other countries;
>
> (b) to assist the developing regions to build up the research capabilities, the innovative skills and the institutions required to solve their problems;
>
> (c) to encourage generally the coordination of international development research; and
>
> (d) to foster cooperation in research on development problems between the developed and developing regions for their mutual benefit.
>
> The Canadian Government is prepared to allocate a minimum of 30 million dollars for the administration of programs of the centre over the first five years. If it is successful, from that time forward, the programs developed will call for rapidly increasing expenditures which our Secretary of State for External Affairs foresaw as requiring the allocation of as much as 5 per cent of our total developing aid fund. This could mean a committed annual budget in excess of 25 million dollars by 1975.

The fourth point discussed, that greater stress be laid on the requirements of the developing countries rather than on those of developed countries, is self-evident. It has taken time and a lot of experience to make us realize that what we like or think we need is probably completely unsuitable for a people living in a lush, warm, equatorial country with few roads and scanty plumbing.

The fifth point of discussion was educational assistance, which has attracted wide support and interest. On second thoughts, educational assistance seems to have been seriously and sadly misdirected. Aid for university education, which has absorbed vast sums and generous effort has been graduating B.A.'s in the thousands who want only clerical work, and other degrees which are scarcely useful at this stage of development. Primary education, and, to some extent, secondary education have been assisted in making substantial strides forward, but they have been badly diverted from their greatest value—higher educational standards—to a purpose of providing only one step in the process of the educational ladder. This means that the value of primary education is questioned unless a high percentage of students go on to secondary levels. The same is true of secondary schooling, and even graduation from university is thought of as progress towards post-graduate degrees.

The whole emphasis needs to be re-examined. Each country may be different but nearly all would probably benefit from a much higher number of students properly trained in vocational skills. In developing countries, much of the very expensive equipment provided as aid just rusts away because maintenance skills simply do not exist. The same might be true of skills for agriculture and other resource industries.

This train of thought is worthy of examination for the Canadian scene. We are now at the stage of graduating students to unemployment. Perhaps our whole program is unsound.

The sixth and seventh points relate to the same broad principle. There is no use giving aid if it is so tied down that the donor country profits more than the developing country. It is also obvious that there is no use providing aid and training to a country if it is not able to export the resultant products because of tariffs or quotas or other restrictions.

Honourable senators, I have endeavoured to tell you briefly about what was discussed during the course of a very long day in a large assembly. As I have already mentioned, rapporteurs provided papers analysing and criticizing what had been done, and very often those papers were based on meetings which had been held earlier, such as the Rome round table conference I mentioned earlier, and had established a consensus. They provide an insight into a serious examination of what has been going on on the part of countries attempting to provide greater assistance to those countries throughout the world who so very badly need it and who find that their efforts, no matter how well intentioned, have not always been effective. In United Nations terms this is the end of the first aid decade, and this year is the beginning of the second decade. The object of those engaged internationally in the effort to provide useful development assistance to developing countries is to make those efforts and those sums expended count and be worthwhile in a way that they have not been in the past.

A great deal of wisdom was expressed at this meeting and there was much to be learned. As I said earlier, it is impossible to report briefly on so much material. I am aware that the report which I have made is somewhat on the lengthy side, perhaps too lengthy, and so I should like to finish it with one or two brief conclusions.

I came away firmly convinced that closer relationship with European organizations and nations is more important for us now than ever before. I also came away with the firm personal conviction that international development aid on an increasing scale is vital for peace and survival. I believe that Canada is in fact moving forward on the right track, but we still have a long way to go.

Finally, honourable senators, may I say that I consider it an honour to have been chosen to represent the Senate at such a distinguished gathering.

On motion of Hon. Mr. Langlois, debate adjourned.

PETROLEUM, NATURAL GAS AND ASSORTED PRODUCTS

MOTION TO APPOINT SPECIAL COMMITTEE WITHDRAWN

Hon. J. Harper Prowse rose pursuant to notice:

That a Special Committee of the Senate be appointed to consider and report upon the intention of the oil companies to increase the price of gasoline in certain areas of eastern Canada and the desirability of amending the oil policy of Canada to provide by the extension of pipelines for a supply of crude oil to all refineries in eastern Canada from established producing areas in western Canada, such committee to be known as the Special Committee of the Senate on the Uses of Petroleum, Natural Gas and Assorted Products;

That the committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee; and

That the committee have power to sit during adjournments of the Senate.

He said: Honourable senators, I should like to make a brief explanation and then ask unanimous consent of the Senate to withdraw this motion. My first reason for withdrawing it at this time is that there is already in progress an investigation by the Prices and Incomes Commission. Secondly, at the present time a number of task forces are investigating on behalf of the Government matters having to do with pipelines and the entire energy policy of Canada. Therefore, if we were to start an investigation now of the scope that would be involved in my motion and while these other investigations are going on, I think it would be difficult for us to secure the services of the technical people we would require. Consequently, I think it would be a bother to everyone, and in any event we could not do it all that quickly anyway.

Many things would be involved, one of them being a decision as to what our national energy policy should be and whether Canada's energy needs should be served first and primarily from Canadian sources or whether we should economically take them from elsewhere and hold our own in reserve. This would be such a tremendous field that I think it would be in the interests of everyone if we were to make no attempt at this time to go ahead with a study of it. As I said, a number of other official groups are presently investigating this aspect of the field, and when their reports are put together we may be in a position to decide how we might best be of use.

Therefore, honourable senators, with your indulgence, I ask leave of the Senate to withdraw the motion.

The Hon. the Speaker: Honourable senators, is it agreed that honourable Senator Prowse shall have leave to withdraw this motion?

Hon. Senators: Agreed.

Motion withdrawn.

CANADA-FINLAND SUPPLEMENTARY INCOME TAX CONVENTION BILL

THIRD READING

Hon. Daniel A. Lang moved the third reading of Bill S-18, to implement a Supplementary Income Tax Convention between Canada and Finland.

Motion agreed to and bill read third time and passed.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION—DEBATE CONTINUED

The Senate resumed from Wednesday, April 28, the adjourned debate on the inquiry of Hon. Mr. Manning, calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Hon. Grattan O'Leary: Honourable senators, I must apologize for my absence last week when this order was called. I will not detain you with an explanation of the extenuating circumstances. It was not that I did not care to speak on this motion, because I wish to say without delay that for truth, lucidity, common sense and competence in delivery the speech that I heard last week from Senator Manning was one of the finest and truest that I have heard in this house since I have been here. In agreeing with him now I want only to add a few footnotes to the things he said.

I shall begin by asking three questions. Is it true that the United States today controls or is about to control our economic life? Is it true that this economic control must inevitably result in political control with loss of our sovereignty? Is it true that inevitably we are to be engulfed by a monolithic American culture with the barbarians pitching their tents among us and leaving us grinding corn in the camp of Philistines?

I submit that the answer to each is: No. These propositions are not true; they are really perilous nightmarish nonsense. What are the facts about American control? I submit that we are being terrified because of the repeated use of certain words and phrases which have no relation to reality.

We hear about takeovers. What are called takeovers are, in 90 per cent of the cases, merely willing sales to willing buyers. If one reads some of the fearsome passages in the Press one would think that the Americans come here and at gun point take over our industries. This, of course, is nonsense.

When Chrysler, for example, came into Canada to manufacture cars they did not come as an advance corps of an American army to take over our country. They came here to manufacture cars behind our tariff barriers. They came here—and we used to boast of this—to take advantage of our preferential tariffs to enable them to sell in the British market and in the markets of the Commonwealth. For years we boasted of how well our preferential tariff was working, that we were bringing industries into the country. That was the beginning of it.

But if one listens to some of our academics, one would think that we are being taken over against our will. To hear them now one would think that we had no more need of American or of any other external investment. Before talking like that those concerned should consult Premier Bourassa of Quebec. More than that, they should consult practical business people who understand what is happening to this country at the present time.

They tell us—and the DBS reinforces this argument all the time—that Americans now own or control 90 per cent of our petroleum industry, 85 per cent of our mining industry, and 75 per cent of some other industry. But, what the DBS omits to tell us is that they have no interest whatsoever in our banks, no interest in our insurance companies, no control whatsoever in our financial institutions, no control of our Crown corporations, no ownership or control of our newspapers, communications media, our radio or television, and no control of agriculture. When one adds up the value of our banks, financial institutions, newspapers, and Crown corporations, one discovers that American control is not at all what the DBS figures show, and that the vital economic life of this country still rests in Canadian hands. There is no doubt about this. The facts are there for all to see. But such people quote three or four areas, and represent them as being the whole of Canada's economic life. This is not true.

In any event, I wonder if Canadians ask themselves without prejudice what would have happened to this country after two world wars had there not been American investment in certain of our industries. It is a bit tiresome to hear these young academics, not one of whom has met a payroll in his life or ever will, telling business people what is happening to the economic life of this country.

Honourable senators, the facts about American control are not disturbing at all. Of course they come here. Why not? They are good business people. Our people have welcomed them. If an American went to a town like Smiths Falls tonight and asked the city council if they would like him to establish there a glass factory, for example, to employ 1,000 people, he would not be allowed to get out of that town before signing a contract.

This is what has happened. We have asked these people to come here, and welcomed them. I am not so naïve as to think that their coming here does not present problems, but every relationship between two nations presents problems. There is the problem of how we control these companies, which is not so easy as people imagine. But the problem exists and all it requires is that the representatives of our two nations sit down together and try to settle our difficulties, as we have done for more than one hundred years.

We have had problems with the United States; that is the way of free men. I have said repeatedly, and I expressed it in my report on American magazines, that every night Canadians should kneel down at their bedsides and thank God for their American neighbours. If you disagree with that, go and ask the governments of the Baltic States what they think about it; go and ask the Warsaw Pact countries what they think about it, and go and ask Mr. Tito of Yugoslavia.

All these things in the world are relative. There is no existence on this earth without problems. We have problems with the United States. Of course, they have problems with us, and we are not perfect in our relations with them. But this business which has developed of late

of attributing all our troubles and woes to the United States, honourable senators, is nonsense.

I heard that distinguished Englishwoman, Miss Barbara Ward, speaking on this very question at the Canadian Club. She said that of course we are all jealous of the United States and of their prosperity; we are all envious of their power. All it means is that we are all envious of the rich man with the big house on the hill. I think that we Canadians should take stock of our motivations and faults when we speak of the United States.

The academics say, "Oh, what a terrible thing it is to have these Americans teaching at our universities." Good heavens, I have never had the privilege myself of hanging my hat on an academic peg, but if I did have that privilege I would only care whether my teacher in English, science, philosophy, Latin, or anything else was a good teacher regardless of his nationality. Civilized nations do not go in for that sort of thing.

Let us consider the United States itself. Who were the two greatest names at Harvard University in the last 50 or 75 years? They were Whitehead and Santayana, one an Englishman and the other a Spaniard. Do the Americans themselves adopt this attitude about Canadians teaching in American universities? Senator Inman will recall a very distinguished Prince Edward Islander, Dr. Schuman, who was once the President of Cornell University. Did the Americans cry out about that? Do they cry out about the fact that one of their most distinguished economists today—we quote him all the time—is a Canadian, born in western Ontario? Do Canadians ever reflect on the fact that when Woodrow Wilson went to the Versailles Peace Conference he took with him as one of his principal advisers a man who had made his reputation at Western University? I am sure the Government Leader knows to whom I refer.

This is what happens all over the world. The English have never turned away academics of distinction from their country. The best work on Irish culture and folklore was written by a German, Kuno Meyer. This happens all over the earth, and yet here we have in Canada this little, narrow, petty, chauvinistic, insecure, nationalistic outcry if one of our universities is lucky enough to secure a first class academic to teach. Do we want to build an intellectual Chinese wall around Canada?

My friend Senator Molson a moment ago had something to say respecting the Council of Europe. I am in favour of the Council of Europe, of course. I have heard over and over again how Mr. Winston Churchill was one of its authors and progenitors. But, this hostility to the United States does not merely exist in Canada among Canadians. It exists in Europe among Europeans. There was a meeting here about three weeks ago of members of the Council of Europe. One of the first things I encountered at one session was a paper they had circulated among the Canadian delegates casting reflections on the United States. They asked this question: Do you not think that you Canadians have more in common with Western Europe than with the United States? Honourable senators, the answer to that is no, and I resent the question. I resent it as one of many Canadian fathers with a son sleeping forever in Europe's soil. I felt like speaking to those people, but something went wrong and I was not allowed to speak. I intended to remind them politely but firmly that were it not for the United States the Council of Europe would not exist at all, and they would not be here. After World War II, when Europe was in chaos, when the world seemed to be in chaos, the one gleam of light in a storm-beaten sky was the Marshall Plan, which rescued Europe from chaos and which the immortal Churchill himself described as the most magnificent gesture by a nation in all of human history. I think Europeans should remember that, and not come over here and tell us that we have more in common with them than we have with the United States.

Another statement they made, and I know the Government Leader is aware of this, was: "In the last eight or ten years you have been exporting more to the United States than you have been to Europe. This shows your integration with the American economy." If I can find a nation to which Canada can sell more and more, I am personally willing to integrate economically with that nation.

What do these young academics know of the United States? How many of the movers and shapers of American policy do they know? Do they know Senator Mike Mansfield, one of the most powerful men in the legislative life of the United States? Do they know Senator Sherman Cooper? Do they know Senator Muskie? Do they know Senator George Aiken? I am pointing to my friend, Senator Macnaughton. Senator George Aiken, a ranking Republican in the Senate, is so pro-Canadian that he says he is sometimes fearful of being haled before the committee on un-American activities. These are the men who today largely determine the course of American policy. I know these gentlemen. I have met them. I can call some of them my personal friends. One thing I am sure of is that not one of these men at any time, now or in the future, will ever say or do anything derogatory to the life of Canada.

Instead of trying to make friends with these people, to co-operate with them, we subject the United States again and again to attack. As a newspaper editor for 50 years it was my duty to read American and Canadian newspapers. I never once saw a remark in an American newspaper derogatory of Canada. I could scarcely pick up a Canadian newspaper in those days without finding some attack on, or some snide remark about, the United States. I think, honourable senators, it is time we stopped this sort of nonsense.

Of course we have problems, and we can tell the Americans what our problems are. A year ago I had an opportunity to speak to them, and you, Mr. Speaker, happened to be present at the time. I mentioned our problems, and theirs. I told them that while we were anxious to be friendly with them and to co-operate with them, never under any circumstances would we permit them to interfere with our sovereignty. Those powerful

figures in the United States Congress were present at that meeting. They heard and understood what I said. Did they resent it? Did they object to it? They rose in a body and gave me a standing ovation, not because I was pro-American in my speech or because of any great rhetoric; but because in their heart of hearts they believed what I said was true, and because they would tell any member of this house that to talk of the United States having designs on Canadian sovereignty, and prospering and forwarding those designs through investment in Canada, was absolute and utter nonsense. I believe that to be true.

I am not a nationalist of that kind. I am a nationalist. I was brought up a nationalist. I was brought up an Irish nationalist. And I believe in Canadian nationalism. But, honourable senators, I will never believe, and I hope the Senate will never believe, that Canadian nationalism should be petty, chauvinistic, that we would go on after 150 years still fighting the Battle of Lundy's Lane. This is what too many Canadians are doing at the present time; they are fighting the Battles of Chateauguay and Lundy's Lane. This is nonsense, and it is not good for this country.

I know that we have problems, but in Heaven's name let us as free men and true Canadians sit down with our American neighbours and discuss with them what those problems are. One thing the people of Canada should keep forever in their minds is that if, God forbid, bombs ever drop on this country, they will not be dropped by Americans. It is all very well to talk of the Council of Europe, the Commonwealth and so on, but the destiny of this country, the future of this country, all that we are ever going to be, will happen on this North American continent. This is our destiny. Here we can do good on earth. I see no sense in our running all over creation trying to control human behaviour here, there and everywhere. But, I do see sense in trying to walk justly in love and mercy, and in seeking peace for all the world with our good American neighbours.

Hon. Donald Cameron: Honourable senators, I do not know what peculiar fate it is on my part that on so many occasions it has been my misfortune to follow the eloquence of my friend Senator O'Leary. However, I want to say to him that he has tonight put in what I think is the proper perspective some of the main problems exercising the emotional climate of Canada today I agree with most of what he said. The only area where I might have some reservations is in connection with the universities, and I will deal with that later.

First of all in participating in this discussion I must compliment Senator Manning on introducing the topic of Canadian-American relations. We are indebted to him for his thoughtful comments based on his long first-hand experience.

He opened his remarks by describing the relationship between Canada and the United States as determined by the facts of geography, population, wealth and industrial power. He also emphasized Canada's position resulting from the military reality that the North American continent is one piece of real estate, and the United States, as the dominant military power, would have to act in what she considered her own military self-interest whether or not we Canadians agreed with the action taken.

Senator Manning rightly emphasized that in the event of hostile action by another major power, Canada would have to depend on United States co-operation for an effective defence, and he went on to deplore the curtailment of Canada's role in NATO and NORAD. Many Canadians share Senator Manning's view on this matter, but many do not. The whole thrust of Senator Manning's approach is that we must be practical and face the economic and military facts of life—a position with which I thoroughly agree. However, for a moment or two I would like to examine what could be another basis for Canada's current position vis-à-vis NATO and NORAD. But prior to stating this, may I review the evolution of Canada's role in international affairs.

Canada was one of the few nations that came out of World War II stronger than she went in. Almost overnight, in historical terms, Canada changed from an agrarian-dominated society to an industrial one, and the process of industrialization and urbanization is continuing at an accelerating pace.

In the immediate post-war period, while the nations of Europe were in ruins, Canada was able to use her resources in contributing to the rehabilitation of Europe, and she did this generously. In the period 1945 to 1955 we had what a distinguished Canadian, Escott Reid, described as the "golden years of Canadian diplomacy". At that time a distinguished team of Canadians, which included O.D. Skelton, Mackenzie King, Louis St. Laurent, L. B. Pearson, Norman Robertson, Arnold Heeney, Escott Reid, Hume Wrong, and latterly our own Government Leader, Paul Martin, played a role and exercised an influence far beyond Canada's normal position and stature based on her economic, industrial and political and military strength.

In giving birth to the concept of NATO, because this was a concept of Mr. St. Laurent, we did so out of the hope that the idealism which had united the NATO countries during the war could be rekindled and be given enough military support to ensure that those ideals were not submerged by a new authoritarian power.

If I read contemporary history correctly, the original concept of NATO was that it was not to be just a military alliance but should become a force for economic co-operation as well.

In reality, however, NATO became nothing more than a military alliance which in turn had its counterpart on the other side of the Iron Curtain in the Warsaw Pact. Out of these two opposing blocs there developed the "cold war" wherein all the devices of modern propaganda were called upon on both sides. Out of the cold war came the massive re-armament race between the U.S.S.R. and the U.S.A., a race in which the costs of military deterrence have become prohibitive for the smaller

nations of the world. For example, the United Kingdom, one of the pioneers in the nuclear field, has had to drop out of the atomic weapons race—fortunately, I think. She has had to withdraw from her position as the dominant military power east of Suez, and she also lost her position as queen of the seas.

In Canada during the late 1950s and early 1960s, we were spending approximately one-third of our national budget on defence. The amount today is substantially less, being 15 to 17 per cent, but still totals $1.8 billion. In spite of these large expenditures, Canada's contribution in terms of actual numbers of men, equipment and material to NATO was so small as not to have any realistic effect against the overwhelming numbers and resources of the Warsaw Pact nations. Canada's position, then, recognizing our economic limitations, has been to curtail the degree of participation in NATO and to use the resources in strengthening our role in our own continental defence. But in doing this, Canada has not and will not withdraw from NATO or NORAD. She still remains a member of the NATO community and, as a result, the machinery for international co-operation remains intact and could be activated very quickly in an emergency.

In the meantime, the European nations have gradually rebuilt their economies and are in a position to make a much greater contribution to their own defence. Consequently, I for one am not too concerned about the withdrawal of some of our forces from Europe and the utilization of those resources in developing and strengthening our role in defence of the North American continent. The important point to me is that we maintain the machinery of co-operation in the defence of Europe, and secondly that we recognize the imperatives of co-operation with the United States in defence of the American continent. In addition, Canada's role in international peacekeeping is a role that should be continued if as and when necessary and should continue to be a firm plank in Canada's foreign policy.

The tragic involvement of the United States in the Indo-China war for the last 10 years is causing a complete reassessment of the role of the United States in foreign policy because, in spite of her richness in manpower and resources, she has learned that she cannot afford to be the world's policeman alone. The excuse for the initial involvement in Vietnam was that the United States had almost a divine mission to stop communism, or what they chose to call communism. But after the expenditure of 60,000 lives, 300,000 wounded and hundreds of billions in money, the United States is faced with communist powers—Russia and China—being stronger than ever. So the Dulles policy and the Dulles philosophy has failed and it now remains imperative that international co-operation through peaceful means must replace gunboat and bomber diplomacy.

Canada, as a sovereign nation, must do everything she can to develop her own defence position—that is a requirement of national independence—but Canada as one member of the world community of nations has the responsibility of co-operating with other nations in the interests of mutual harmony and development, and the cornerstone of that co-operative effort must be our relationship to the United States. But because we are a small power and the United States is a big one, there devolves upon that country a special responsibility to avoid using her weight and power arbitrarily in those areas which impinge on the sovereignty of Canada. Specifically this has to do with, for example, the use of inland waters, waters of the continental shelf and the Arctic islands, fishing rights, air space, trade agreements, tariff weapons and environmental controls.

For all too long both Canadians and Americans have taken Canadian-American relations for granted and assumed that there was no need to cultivate them. This has been a mistake in the past and could be an even greater mistake in the future. However, there are many hopeful signs that the neglect of the past will give way to an informed and profitable dialogue in the future. One example of this is described in the April 19 issue of *Time* magazine, and I quote:

> As Geographer Edward Miles once put it, the average American's knowledge of Canada amounts to "a benevolent ignorance." In part, this has long been held to be the fault of academe: American universities—or so the standard version has it—have generally placed Canadian studies about on a level with water-skiing in their order of academic priorities. There are now signs of change. Earlier this month, over a hundred scholars from 28 states concluded a conference at Duke University in Durham, N.C., where they formed an Association for Canadian Studies in the U.S.

Hon. Mr. Martin: What is the name of that university?

Hon. Mr. Cameron: Duke University in Durham, N.C.

> The new group owes much to the diligent proselytizing of Dr. Dale C. Thomson, the biographer of Louis St. Laurent and director of the postgraduate Center of Canadian Studies at Johns Hopkins University in Washington. Its objectives, he says, are not only to stimulate the growth of Canadian studies in the U.S., but to establish lines of communication among teachers already in the field, who until recently tended to feel "neglected and isolated, in fact rather petulant."
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> As it turns out, Canadian studies south of the border are perhaps on a sounder footing than most outsiders—and even some of those involved—have imagined them to be. Soon after he arrived at Johns Hopkins, Thomson sent out a circular to 1,256 American universities and colleges. He discovered that no less than 17 per cent of the universities were already offering Canadian course work; others expressed keen interest in prospecting the subject. Among the leaders were such northern universities as Rochester, Michigan State and Maine, as well as Duke and Harvard, which established its Chair of Canadian Studies four years ago.

> The new association will attempt to answer that kind of question by holding general and regional conferences and by distributing a twice-yearly newsletter that is expected to grow eventually into a full dress academic journal. Since it is a rare Canadian university that does not offer a full catalogue of courses on the U.S., Thomson regards the association's program as something of a "counterattack". He attributes the surge of interest in Canada partly to the voyage of the *s.s. Manhattan* through the Northwest Passage, to draft evaders over the border, to Pierre Trudeau's intellectual image, and to the troubles in Quebec. He believes, too, that strains in U.S.-Canada relations over such issues as Arctic sovereignty and energy policy are making contemporary Canada a far more intriguing object of academic inquiry than the more placid neighbor of the past.

As the article points out, and as Senator Manning intimated, the major areas of concern between Canada and the United States in addition to the defence role which we have discussed are probably, in the order of importance to Canadian survival as an independent nation, cultural relationships, capital investment, energy policy, resource development and trade relations. Some people might put these topics in a different order, but I have deliberately put our cultural relationship with the United States first because I think that, while it is less tangible in many respects than the impact of the other topics, it is nevertheless that area of concern which will determine, in the long run, whether Canada is going to survive as a separate and independent nation. As Canadians, we have a rich heritage to be proud of. Not only are we the residual legatees of the British tradition in language, customs, law and history, but we have the double advantage of being the inheritors of the rich traditions and culture of France as well. However, over and above this, over 45 per cent of our population are of neither English nor French extraction; they have brought with them the cultures of Germany, Austria, Italy, Russia, the Ukraine and many other countries. Because we have avoided following the melting-pot theory of the United States, we have a rich diversity in Canada which can make the Canadian mosaic something unique and much richer than any one of its founding parts.

There is a strong wave of Canadian nationalism abroad in the land today and I have no quarrel with this as long as it is a positive rather than a negative nationalism. I often think that the kind of nationalism we should cultivate in this country is the nationalism of the Scot. There is no person in the world who believes in the traditions and customs of his homeland more than the Scot, and yet there is no person who makes a better citizen of the land of his adoption. It is this kind of positive nationalism which I would like to see cultivated and developed in Canada, one in which the traditions and cultures of other people are respected and cultivated for their own worth.

In the hearings of the Joint Committee of the Senate and House of Commons on the Constitution, which have been going on across Canada since last September, it has been very interesting to note the increasing demand coming directly from the people that we should develop in Canada not only a bicultural but a multicultural society. Among the most aggressive in this respect are the Ukrainians who have been in the forefront of maintaining their customs and traditions and their language in this country. Not the least significant among the contributions to the hearings have been those from the Indians and Métis. Suddenly, after generations of neglect, the Indian population of Canada is beginning to assert itself and to do so very competently. One of the most encouraging developments on the Canadian scene today is that the Indians are throwing up a group of articulate and able young leaders who are out to correct the injustices and the neglect of the past. But regardless of whether the submissions are coming from French Canadians, Ukrainian Canadians, German Canadians, Italians, Indians or Métis, there is a strong thread of pride and belief in Canada running through them all and it is this thread that we must weave into a rich and strong Canadian identity.

The development of a distinctive Canadian identity is not going to be an easy task. Situated as we are, Canadians are almost overwhelmed by the 220 million Americans who use our language, who have many of the same customs and who have the rich resources that go with a dynamic and aggressive society and make it possible for them literally to overwhelm us with the products of their nationalism and their culture. In other words, American magazines, American radio, American television, American technology and American money are all pouring into Canada like an avalanche, and it would be easy to follow the path of least resistance and simply let these cultural emissions overwhelm us and make us into an image of the citizens of the United States.

As a matter of fact, when I spent some time in Austria last year I was interested to find an exact parallel between the feelings of the Austrians vis-à-vis the Germans and the feeling of Canadians vis-à-vis the Americans. The Austrians, citizens of a small country, are up against a rich, hard-working, dynamic country whose communications, technology and power pour over the borders in a never-ending stream. You find in Austria exactly the same emotional reaction to that as we have in Canada. So we are not alone.

As a matter of fact, to any Canadian who travels widely in Europe it is a known fact that as soon as we speak or move in a crowd we are not thought of as Canadians but are classified as Americans because of our speech, our dress and our mannerisms. Thus, if we are to develop and preserve a distinct Canadian identity, we will need to strengthen all of those elements in our society which are peculiarly Canadian. This means our laws, our system of government, our radio and television programming, and particularly our news media and magazines.

In the publishing field, the disappearance of many Canadian publications over the past few years is a matter of regret and it seems to me that steps need to be taken

to provide a climate in which Canadian magazines dealing with Canadian issues and from a Canadian point of view can thrive and prosper. The fact that in the last year two of our leading publishers have either sold out to American firms or are contemplating doing so is another evidence of how easy it would be for Canadians to lose control of those instruments of policy which help to cultivate a distinctly Canadian point of view.

In our radio and television programs, the Canadian Radio-Television Commission is an instrument which is doing a good job in encouraging the development of Canadian content, and the evolution of cablevision is going to be one of the great instruments in developing community programming in the future. All these tools of public information and education are powerful tools to be used in the development of the Canadian identity.

In recent months there has been grave concern about the number of American professors in our universities. Certainly, like Senator O'Leary, I would be the first to decry the exclusion of people from our universities on the basis of nationality. However, because of the failure of our educational authorities to anticipate the demands, particularly in the field of the humanities, we have not trained people in sufficient numbers to cope with the new enrolments in the fields of the social sciences. As a consequence, we have brought into Canada to fill our classrooms an undue number of Americans who have, quite naturally, brought with them into the Canadian classrooms their own mores and culture, their own standards of values and their own ways of looking at things. They have also brought with them American textbooks, which in many cases do not suit the Canadian milieu. So here again is an area where Canadians must be more aggressive in training their own people to do the tasks that are necessary in the sensitive area of the Canadian citizenship. To say that we must strengthen our own cultural media in no way reflects on the many good things that come from the United States.

I think the area of the social sciences, particularly sociology and social psychology, is one area in which we have not been wise in our university planning. In many cases we have brought in from the United States not first-class American sociologists and social psychologists but those who could not "cut the mustard" in the United States.

Some Hon. Members: Hear, hear!

Hon. Mr. Cameron: That is one of the reasons we have had so much trouble in some of our universities. Some of the professors have been even worse than the most irresponsible of students. I am not suggesting that this is true of the typical American professor.

We are going through a stage in Canada in which there is a tremendous hue and cry about the American control of the Canadian economy. This is naturally an emotional issue, and a great deal of illogical thinking is given expression over this issue. We should be concerned that Americans own such a high percentage of our petroleum industry, our manufacturing industry and our mining industry. But my reaction to this is that we have no one to blame but ourselves.

If we examine the situation we will find, as Senator Manning mentioned the other day, that when Alberta started to develop the petroleum industry in western Canada there was very little interest on the part of eastern Canadian capital to invest in what was considered a high-risk industry. Similarly, he found a reluctance on the part of British investors to invest in the search for oil. So, it was only natural that the province should turn to the United States and that the United States investors with their natural entrepreneurial approach should welcome the opportunity of coming into Canada. And they have done so with benefit to themselves and to us.

The only reason the Americans own such a great proportion of Canadian resources and manufacturing and mining is because Canadians themselves did not have the faith and did not have the degree of confidence in the future of their own country to invest in it. We could have done much more than we have done over the years; consequently, we have no right to complain if the Americans own such a large proportion of our resources. They do so only because we did not have the vision and the initiative and the faith to do it ourselves. Not that we could have done it all, but we could have done much more than we have done in the past. I hope the picture is changing for the future.

As a young capital-scarce country with a tremendous task of development to do, we need outside capital and I for one welcome this capital. We need more of it. But the only stipulation I would make is that when this capital does come into the country, it should conform very specifically to the laws of the country and conduct itself as a good corporate citizen in every respect. This means giving Canadians an opportunity to share in the equity, and an opportunity to share in the management. This is being done to an increasing extent today but we will have a long way to go. Fortunately there are signs, particularly in western Canada, that Canadians are beginning to play a new role in developing their own financial institutions. In recent years there has developed in western Canada, and I speak of this because I know it, a number of companies that have raised their money in the west and have been able to accomplish some spectacular things. One of the encouraging signs of the times today, particularly as far as western Canada is concerned, is that there is a new confidence in that part of Canada. This confidence is based on the fact that Alberta and British Columbia are among the richest provinces, in terms of resources, in the nation. The population is still small enough that the communities know who the entrepreneurs are and how to rate them, so that there has built up in the last few years a new confidence and a new competence—almost a feeling of cockiness—that the westerners can write a new chapter in the history of Canadian economic development.

Another of the great areas of Canadian-American concern in the seventies will be the evolution of an energy

policy geared to suit the needs and the aspirations of both countries. This is particularly true in the fields of electrical power, gas, and oil and it is going to be increasingly true of water. As a matter of fact, one of the biggest issues of the late seventies and the early eighties is going to be the evolution of a policy dealing with water resources which will conserve those resources for Canada and at the same time make it possible for the Americans to have the benefit of them as well.

The report in the last few days about the spectacular Quebec Hydro James Bay Power Project under which it is reported that Consolidated Edison will buy $2 billion worth of electricity over an as yet undefined period of time, represents another major development not only of power but of mining and forest industries in the James Bay area. This imaginative project, which will result in the damming of ten rivers and the diverting of water from five others, will be one of the huge industrial projects of this century in Canada. It represents yet one more aspect of the developing energy resources program.

There is dissatisfaction in western Canada about the present oil policy. We have plenty of oil to supply the eastern market; we have gas in abundance to supply our own market and the American market as well. But there is an arrangement under which Venezuelan crude and Middle East oil is used to supply the eastern Ontario and Quebec market, at the expense of Canadian production, because American policy wants to preserve the Canadian oil resources as a hedge against any possible upheaval in the unstable oil-producing areas of the Middle East and South America. This policy does not sit too well with Canadians whose normal developmental rate is retarded by the policy, and it would appear that in the not too distant future some new approaches will need to be made toward the rationalization of the policy and the defining of market areas for both oil and gas.

Another area relating to the development of the oil and gas industry falls within the particular sphere of Canadian economic policy. This refers to the depletion allowances and the tax structure which, under the present terms, discriminate against Canadian investors and in favour of Americans. Speaking on April 28 to the Manitoba Chambers of Commerce Annual Convention, Mr. A. M. Shoults, President of the Institute of Canadian Advertisers, said:

> American corporations are taxed less than their Canadian counterparts leaving more capital after taxes and a subsequent advantage in the international market-place where most Canadian equities are purchased. U.S. multi-national corporations can also use 'transfer pricing', a technique of selling to the parent company raw resources from the subsidiary company at substantial mark up which eludes taxation.
>
> U.S. companies also pay corporate taxes which are 14 per cent less than the domestic corporate rate.

Mr. Shoults also said:

> The Canadian petroleum industry already is 90 per cent American-owned because of more favourable tax breaks through depletion allowances, in the United States.

Mr. Shoults went on to say:

> Finance Minister Edgar Benson's Tax Reform proposals would make it even more difficult for Canadians to compete by giving them an even tougher break on depletion.

When we talk about getting Canadians involved in the purchase of a greater share of our resource industries, it would seem reasonable to expect that they at least should start on the basis of equality with foreign competitors. So here again we have an area in Canadian-American relations which is in need of a thorough-going review and resolution.

Continuing on the theme that Canadians can do much more than they have done, a new picture of what is happening in Canada was painted last week at the Canadian Chamber of Commerce Conference in Edmonton by Douglas Peters, Chief Economist of the Toronto-Dominion Bank, who said:

> With suitable official policies, Canadians can generate sufficient savings to promote their own economic growth but Canada must continue to welcome foreign investment that brings with it technology, markets and development of our slow-growth regions. At the same time, Canada must also develop its own multi-national companies and become an exporter of capital as well.

Mr. Peters continued:

> Such an enlightened rather than an insular view of foreign investment combined with a government rule to protect Canadian interests would produce the greatest opportunities.

Mr. Peters pointed out:

> Less than 2 per cent of total capital investment in Canada last year was accounted for by net capital inflows, a significant development that has gone almost unnoticed by the general public and has certainly been ignored by the economic nationalists. The mounting trade surpluses of the late 1960s have enabled Canada to earn enough through exports to finance its imports, both of goods and services and of capital. In effect, Canada in the past three years has become independent of net inflows of foreign capital. This means that, on a net basis, we have been able to finance from our own savings virtually all of our capital requirements. Last year for instance, capital investment for business, public and housing reached nearly 18 billion. About two-thirds of the savings needed to meet this investment was generated within the corporate sector through retained earnings and capital cost allowances. Personal savings accounted for nearly one-quarter and government supplied most of the balance.

In the whole area of financing investment, Canada might well take a leaf from the Japanese who have probably done a more effective job in the mobilization of savings and putting them to effective use in the national

interest than any other country in the world. The Japanese people are the greatest savers in the world and through a combination of government and private enterprise they have been able to mobilize their financial resources to a remarkable degree and to channel them into the areas of national priority agreed upon between the private sector and the public sector with the spectacular results which have made the Japanese economy the miracle one of the 1960s.

One could go on at much greater length and depth, but I am only citing examples of what has been done in the past and what is being done today. The evidence is that Canada could have done much more than she did in her earlier years in mobilizing her own financial resources, but fortunately she is beginning to show some signs of a new approach to financing her resources and this can be done through intelligent legislation in the field of taxation and in the area of international agreements and the giving of corporate equality to Canadian investors.

I would like to comment briefly on one more area that is of vital importance to Canadian-American relations. This is in the whole field of trade relations. Many Canadians have unpleasant memories of the time some years ago when the Ford Motor Company of Canada made a contract to sell a large order of trucks to the Republic of China, only to have this order vetoed on the direct orders of the American Government under their Trading with the Enemy Act. This was a very unpopular move because it represented the unilateral exercise of economic power in a foreign country to the detriment of the employers in that country.

More recently we negotiated the famous Auto Pact under which a reciprocal agreement made possible the free interchange of certain automobiles and parts between Canada and the United States. Prior to the coming into effect of that particular pact, Canada had a $600 million trade deficit with the United States. Since the pact has been in force, this deficit has disappeared. There are strong pressures in the United States to abrogate the agreement because it is felt that Canada is getting by far the best of the deal. This represents one area where it is important that there be the closest possible exchange of ideas and the closest possible co-operation between the two countries in working out solutions to problems which are of vital concern to both.

Mounting concern over the effects of pollution on the environment through air, water, sound and chemical means, has underlined the importance of the closest possible working arrangement between the two countries if pollution control is to be effective. Last year the Parliament of Canada passed Bill C-204, the Inland Water Resources Control Act. Similarly, the Prime Minister announced the extension of the offshore boundaries to 12 miles, and in some cases in the Arctic this would have the effect of making certain international waters Canadian waters.

More recently there has been the proposal of the Alyeski Corporation to pipe oil from the fabulous Prudhoe Bay oil fields 800 miles across the mountains to the seaport of Valdez and then ship it down the west coast of British Columbia to refineries in Washington and Oregon. This proposal, under which huge 200,000 and 300,000 ton tankers would be carrying oil along some of the toughest navigable waters in the world, poses a great threat to the B.C. coastline in the event of an accident to one of those huge tankers.

The company has announced that it will proceed with the development of this proposal. However, the environmentalists in the United States have suddenly become equally concerned about the dangers of pollution, not just on the coastline of British Columbia but through the whole continental United States. It may be that out of this discussion will come some international agreement which will be to the benefit of all concerned.

As a counter-proposal to the tanker route for Prudhoe Bay oil along the west coast, the suggestion has been made that a twin pipeline, one for gas and one for oil be brought down through the Mackenzie Valley to Edmonton and thence on to Chicago. This proposal, an alternative to the tanker route, seems to offer less risk of pollution, but there are those in our society who are concerned that this too may offer great danger to the environment.

As a consequence, there is a whole new chapter of unexplored international relations opening up, precipitated by spectacular industrial developments, but this is only the beginning. Many of the rivers which have their sources in Canada flow into the United States, and the consequences of pollution could be very serious and greatly affect both nations. For this reason it is imperative that within the not distant future we evolve joint policies for the control of these resources to the benefit of all concerned.

One could go on at greater length giving example after example, all of which would underline the need for an effective program of Canadian-American relations. In this respect, honourable senators, I suggest to the Leader of the Government that one of the steps that could be taken by the Senate of Canada would be to set up a special committee on the subject of Canadian-American relations, and that it should seek to work with a counterpart in the United States in discussing all phases of what is a mutually important subject.

If the suggestion meets with the approval of the Senate, I would, at some future time, be prepared to bring in a motion setting up such a committee. It would represent a realistic attempt to further the dialogue which has already been started by a number of Canadian and American universities. The establishment of such a committee, in the Parliament of Canada, in co-operation with a similar committee in the United States, could have incalculable results in expediting the evolution of policies and practices that would greatly benefit both countries. The likelihood that effective legislative action in both countries could then be taken in a shorter period of time would be of great advantage to all.

On motion of Hon. Mr. Langlois, debate adjourned.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Leave having been given to revert to Notices of Motion:

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1)(a), that the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Wednesday afternoons at 4 o'clock for the balance of the present session, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 951*)

INTERNATIONAL ORGANIZATIONS, MEMBER COUNTRIES

(Referred to by Hon. Mr. Molson)

	C of E	OECD	DAC	NATO	EEC
1. Austria	*	*	*		
2. Belgium	*	*	*	*	*
3. Cyprus	*				
4. Denmark	*	*	*	*	
5. Finland		*			
6. France	*	*	*	*	*
7. Germany (West)	*	*	*	*	*
8. Greece		*		*	
9. Iceland	*	*		*	
10. Irish Republic	*	*			
11. Italy	*	*	*	*	*
12. Luxembourg	*	*		*	*
13. Malta	*				
14. Netherlands	*	*	*	*	*
15. Norway	*	*	*	*	
16. Portugal		*	*	*	
17. Spain		*			
18. Sweden	*	*	*		
19. Switzerland	*	*	*		
20. Turkey	*	*		*	
21. United Kingdom	*	*	*	*	
22. U.S.A.		*	*	*	
23. Canada		*	*	*	
24. Australia			*		
25. Yugoslavia		0			
26. Japan		*	*		
	17	22	16	15	6

*Member 0–Associate

C of E—Council of Europe

OECD—Organization for Economic Cooperation and Development

DAC—Development Assistance Committee (of OECD)

NATO—North Atlantic Treaty Organization

EEC—European Economic Community

23351—61½

THE SENATE

Wednesday, May 5, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN SENATE GALLERY

DELEGATION FROM THE PARLIAMENT OF FINLAND

The Hon. the Speaker: Honourable senators, on your behalf it is a great pleasure for me to express a warm welcome to a very distinguished delegation from the Parliament of Finland, led by the Honourable Rafael Paasio, Speaker of the Parliament of Finland.

I believe I am correct in saying that this is the first time we have been honoured by a visit of a delegation from this great progressive and sympathetic country. Important meetings with several of our government officials have been planned for this visit, as have been visits to some of our important cities in Canada.

May I also draw to your attention the presence in the gallery of His Excellency Holger Sumelius, Ambassador of Finland, and his charming wife, who are both very good friends of Canada. We in Canada are fortunate indeed in having a large group of Canadians of Finnish origin who contribute so much to the growth, culture and prosperity of Canada. For this we are very grateful to Finland. Honourable guests, may your stay in Canada be a pleasant and profitable one for both our countries.

Hon. Paul Martin: Honourable senators, this may be the first time that a parliamentary delegation from Finland has visited Canada. But the Speaker of the Parliament of Finland, the head of the delegation, Mr. Paasio, is not altogether a stranger to Canada. I recall meeting him here in his capacity as Prime Minister of Finland when he visited Canada during Canada's Centennial.

We all recognize Finland as being a remarkable country with a strong tradition of parliamentary institutions. This creates a strong bond between Canada and Finland.

The Speaker of the Parliament of Finland, the leader of this delegation, was himself a distinguished parliamentarian, having been Chairman of the Foreign Relations Committee in the Parliament of Finland for some 17 years.

Canada and Finland have strong relations. An indication of that was given last night by Senator Lang when he proposed and succeeded in obtaining third reading of a bill to establish a supplementary income tax convention between Canada and Finland. I suppose nothing has made us so close as the common view between our two countries in the role of peacekeeping in the United Nations. We recall with satisfaction that it was as a result of the early accession by Finland to the United Nations peace force in Cyprus that that force was in fact established. So Canada, Finland and other Scandinavian countries do carry out their concept of their obligations under the charter of the United Nations in this important way.

We owe a great deal to Finland for many reasons, not the least of which is the fact that recently she took an initiative that led to the holding in Helsinki of the important strategic arms talks between the Soviet Union and the United States. If anything should come of those discussions, the world will for a long time remember the contribution made by Finland.

So, honourable senators, on behalf of the Government and those on this side I have the pleasure of joining you in welcoming this distinguished parliamentary delegation to our chamber.

Hon. Jacques Flynn: Honourable senators, I wish to join Mr. Speaker and the Leader of the Government in welcoming the very distinguished members of the parliamentary delegation from Finland, and the Ambassador of Finland to Canada, His Excellency Holger Sumelius.

I would have liked to visit Finland in 1964 when I attended the IPU annual meeting in Copenhagen, but circumstances did not permit me to do so. I remember at that time discussing the history of this friendly country, and it was with feelings of admiration that I read about its history.

The relations between Canada and Finland are excellent, as has been indicated by the Leader of the Government. We also have something in common with that nation in that we have both been able to preserve our own personalities while living beside powerful neighbours —in their case the Soviet Union and in our case the United States of America. In some respects I think we play the same role vis-à-vis these two powerful nations in trying to interpret them to the rest of the world, while at the same time earning their respect for our traditions and our wish to remain separate and distinct entities.

The delegation will travel for a few days in Canada, but I see they will only be visiting Ontario. This, of course, is a wonderful part of Canada and they will get a good idea of what our country is like. However, I suggest that they will have had only a partial view, because they will have missed much by not having visited the rest of Canada, especially the Province of Quebec, the Maritimes, the Prairies and British Columbia.

In any event, I hope that they will have the occasion to come back and see the rest of Canada at some time in the future. As far as the present visit is concerned, I trust it will prove interesting. I know it will be highly beneficial to the good relations which have always existed between our two countries and which will continue to grow as a result of this visit.

[*Translation*]

Hon. Maurice Lamontagne: Honourable senators, I would like to add a word as Chairman of the Senate Special Committee on Science Policy to say, on behalf of my colleagues, how sorry we are that we could not get to Finland during our European journey. However, I wish to point out that our committee is filled with admiration for the increasing number of technological developments made in Finland which can be found at the present time on various markets throughout the world. This greatly contributes to the amazing economic growth of that country.

I hope that the Canadian government will soon consider establishing closer relations with Finland, in order that we may exchange information of a scientific as well as of a technological nature, since our economies are closely related and have the same growth factors.

[*English*]

JURY DUTY

INELIGIBILITY OF QUEBEC AND NEWFOUNDLAND WOMEN —DEBATE CONCLUDED

The Senate resumed from Tuesday, March 23, the adjourned debate on the inquiry of Hon. Mrs. Casgrain, calling the attention of the Senate to the fact that in the Provinces of Quebec and Newfoundland women are not called for jury duty.

Hon. Paul Martin: Honourable senators, Senator Casgrain is back from her work on the Joint Committee on the Constitution. I would point out to her that this matter came up during her absence, but we did not wish to take it off the Order Paper.

In view of the debate we have had, I wonder whether it is the honourable Senator Casgrain's intention that this matter should remain on the Order Paper. If not, perhaps we would agree that the debate be considered as concluded.

[*Translation*]

Hon. Thérèse Casgrain: Honourable senators, as regards jury service for women, I believe it has just been announced that in Quebec the legislation will be amended so as to allow women to serve on juries. So I believe that now in Canada there is only one province where this is not yet possible.

I have not had time to get acquainted with what has taken place here, but I believe there is no use extending this debate any further, and I wish to thank all those who have helped us in this matter.

Hon. Mr. Martin: In any case I would draw Senator Casgrain's attention to Item No. 4 on the Order Paper. Senator Fergusson has proposed in this regard a bill which has been given first reading. Furthermore Senator Fergusson intends to discuss this legislation tomorrow. We can therefore put an end to the debate on Item No. 3.

[*English*]

The Hon. the Speaker: As no other honourable senator wishes to speak on this item, it will, under our rules, now disappear from the Order Paper.

FOREIGN AFFAIRS

PACIFIC AREA STUDY—PROGRESS REPORT OF COMMITTEE —DEBATE CONTINUED

The Senate resumed from Thursday, April 22, the adjourned debate on the inquiry of Hon. Mr. Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.

Hon. Allister Grosart: Honourable senators, I adjourned the motion of Senator Aird, Chairman of the Standing Senate Committee on Foreign Affairs, one week ago as I felt it was important that I should say a few words about the work of the committee, particularly in respect of the leadership that has been given to the committee by Senator Aird.

As honourable senators are aware, our last study was devoted to the Caribbean area, and we have some reason to believe that the report which we issued at that time has had some impact on Government policy. Indeed, we in the committee feel it is of the utmost importance that as we go along we keep in mind the relationship of our studies, our conclusions, our recommendations and our report to Government policy.

Senator Martin, the Leader of the Government, has made it clear on many occasions that he sees a very important role for this chamber in the field of foreign affairs, and I must say that after my experience in this committee I find myself in complete agreement with him.

Some honourable senators have asked what we expect to gain from these long, elaborate discussions about an area such as the Pacific Rim. That is not an easy question to answer, but I for one feel that in undertaking these studies in the Senate we are very much in step with the mood of Canada today.

In my brief years of observing international relations from the point of view of Canada, I have observed that we do seem to be in an era that is completely new and different from that of even recent previous years. I believe that throughout Canada there is a new awareness of our obligations and responsibilities and of the role that we can play in the world at large.

The Pacific Rim study is different in many respects from the study we undertook of the Caribbean. Senator Aird, in his excellent summary of the progress to date, made it clear that this is a vast and complex subject—much more so than the far more limited subject of Canadian-Caribbean relations. The reasons for that are obvious. One reason is geography. The Caribbean is a comparatively small geographic area; the Pacific Rim, on the other hand, is one of the largest areas that loom on any map of the world at the moment, if we take in the entire Pacific Rim area. Another reason is that the Pacific Rim is not an area in which Canada has had close historic ties or the same experience in the mobility of our two populations, or in trade or even cultural exchanges.

As we look at the Pacific Rim area from the Canadian point of view, we find ourselves looking at problems that are in many respects new to Canadians. This is because

of the recent history of this area as well as the long-term history. Our contacts started in this area largely through missionaries, and here I am speaking of countries other than Australia and New Zealand which are very much in the area but are in a completely different status in our investigation from the developing nations. Other than in those countries, our historic ties with the area have been largely through missionaries, and I am proud to say that one of those missionaries in the medical field was my mother.

Another difference between the two areas is the comparatively low level of Canadian international aid to that area. Our international aid on a per capita basis in the Caribbean is the highest of any region, and the Pacific by and large is probably the lowest. It is certainly lower than our aid on a per capita basis to Africa, and probably even lower than our aid to Latin America. Some figures we have had before the committee indicate that we may be devoting to the whole of that area not more than 10 per cent of our total international aid, which is a very low figure when you take into consideration the population of that area. Here, of course, I am excluding India, Pakistan, and Ceylon, which receive very high levels of Canadian international aid and which cannot really be considered as being in the Pacific Rim area.

One of the things that has already become apparent, however, is that there are tremendous trade opportunities for Canada opening up in this area. Here I am not referring to Mainland China, because there the situation at the moment poses a very important question mark. We have recognized the People's Republic and there is considerable evidence to indicate that Canada has been a pioneer in bringing about a degree of dialogue between the People's Republic of China and the west that has not existed before, because of a great many failures, particularly on the part of the United States. Nevertheless, it is obvious now, despite some studies very recently published, that the opportunities are there.

I have seen a study not yet made public dealing with Canadian-Mainland China trade relations which suggests that the subject is academic, but then that was written before the famous ping-pong matches. I was very much interested in that since I have lived in China and since we so often hear the old saying that history repeats itself. In that regard I am sure honorable senators are aware that in 1905 in *Punch,* Sir Bernard Partridge, the great cartoonist published a cartoon showing a Chinese mandarin playing ping-pong with a western diplomat.

So, honourable senators, history does indeed repeat itself. I am sure that in this instance we are all happy that that repetition has taken the form it happens to have taken. However, I think it would be a mistake to be too optimistic. Mainland China has its own economic difficulties. Since the revolution in 1949—and that is what it was because that is when Chairman Mao proclaimed the People's Republic—China has not overtly or substantially engaged in western trade for many reasons. Historically this is again an anomaly because anyone who has studied the history of China is aware that in the fifteenth century, and perhaps into the sixteenth century, most of the trade of the east, including India, Burma and even into Arabia and Suez, was carried on Chinese seagoing junks. In those days China had a tremendous merchant fleet. But then the Chinese withdrew into themselves for various reasons, but here again history may repeat itself because one of their intentions is to develop a shipping fleet to carry exports around the world. I am sure this is what they hope to do.

One of the main countries to be considered in any study of the Pacific Rim is, of course, Japan. I am sure all honorable senators are aware of what can only be called the miracle of Japanese economic and societal development since the war. It is predicted now that it will not be long before Japan may, and I underline the word "may", reach our own Canadian per capita standard of living and income. The facts seem to indicate that as of now the Japanese per capita income and standard of living is as high as or higher than that of the United Kingdom.

Japan has become an increasingly important market for Canadian exports in the last few years. At the same time Canada has become an increasingly important market for imports from Japan. Recently a study has been published showing the import and export balance of our Canadian provinces. Naturally the western provinces show up as those leading in exports to Japan, but it is also interesting to note that central Canada and the Atlantic provinces are already beginning to benefit substantially from that trade. Ontario and Quebec are still the main recipients of Japanese imports into Canada. So here we have an interesting balance to the complaint we sometimes hear from our friends in the west that the economic balance is all in favour of the centre. As I have indicated, it so happens that in this important area of Canada-Japan trade it is the central provinces and to some extent the Atlantic provinces which are earning the money to balance the exports of the western provinces. I am sure that is a trend in our trading relationships with the world, in respect of both resources and manufactured products. Honourable senators will welcome this as a useful balancing of what at times is an unfortunate historic economic development in the Canadian situation.

I need hardly say that Australia is a completely new kind of entry into our relationships with the Pacific Rim. Australia, with Japan, is now looming up as our greatest competitor.

One common denominator existing between our trade relations with the Caribbean and the Pacific Rim is that here again Canadian businessmen and Canadian industry appear to have missed the boat. I am not saying this critically, but over and over again in the evidence that we have heard we have been told that, particularly in areas of manufactured products, countries such as Sweden, West Germany, Japan, the United States, and the United Kingdom are supplying the Japanese and Australian markets with sophisticated technological instruments for which in other markets Canada occupies a very powerful position.

The explanation seems to be that historically Canadian trade has been oriented to the United States and Europe.

One of the reasons some of us on the committee feel that our study of the Pacific Rim is important is that surely the time has come when Canadian businessmen particularly, with the assistance of the Government, will have to reorient their whole thinking of world and global trade towards the east rather than towards the south and west as it has been.

We also had some evidence about the other countries of the Pacific Rim. I would mention New Zealand, which is in a rather different category from Australia. We are already looking at the great problems that will be created for New Zealand in the event of the entry of the United Kingdom and some of the Scandinavian countries into the European Common Market. We have some reason to believe that an enlightened Canadian trade policy may be useful to ameliorate to an extent some of the problems that New Zealand will undoubtedly encounter if the enlargement of the Common Market takes place.

We have also looked at other countries of the Pacific Rim. Here the economic and statistical information has not been all that could be desired, particularly with regard to Malaysia, a Commonwealth country. The next general meeting of the Commonwealth Parliamentary Association will be held in Malaysia. It is appropriate to mention this, because some honourable senators and I have recently returned from the annual meeting of the Commonwealth Parliamentary Association. The situation in Indonesia since the change of government a few years ago again gives rise to considerable hope that that important country will be oriented into the kind of trading bloc in which Canada can participate actively.

I will not mention in detail all the other countries. We have examined them country by country. The Philippines is important, as is South Korea. They are all part of the Pacific Rim.

In conclusion, may I assure honourable senators that there is reason to believe that despite the vastness and complexity of this subject, our Foreign Affairs Committee will be able to make an important, useful and substantial contribution to Canada in the study that it is undertaking.

On motion of Hon. Mr. Langlois, debate adjourned.

COMBINES INVESTIGATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. W. M. Benidickson moved the second reading of Bill S-17, to amend the Combines Investigation Act.

He said: Honourable senators, this amending bill has been before the house for some time. Fortunately the explanatory notes in respect to references to the Combines Investigation Act and the Bank Act are very full, and honourable senators are no doubt acquainted with their contents.

Most senators have been associated with one form of politics or another for a long period of time. One of the precepts that existed 25 years ago, and which I hope prevails today, is that we should do what we can to protect the consumer, who is perhaps the most important person in this country.

For a long time we have had a statute called the Combines Investigation Act. There is a general feeling that this act does not encompass the sale of services or those items that are not to be described as articles. Yet we read within the last few weeks that because the banks are considered to be a service industry and do not come within the Combines Investigation Act, they by one precedent or another are able to say, Joe to Jim, "As at April 1 of this year we will have new charges to our customers in connection with deposits for redeposit to utility companies. We will have by reason of this an excess in our per item per cheque charge for services of your paper going through our institutions." These are services of great value, but this is something which if done by a businessman selling an article might be subject to the Combines Investigation Act.

My simple amendment is to suggest to you that it is timely that section 32(1) of the Combines Investigation Act be considered by one of our committees to the extent that we will determine whether or not this is inflationary, arbitrary, justified, and so on.

Section 32 of the Combines Investigation Act provides that it is an offence to do certain things, such as agreeing by collusion with competitors to sell commodites at the same price. The section, just prior to the amendment to which I draw your attention and which is in my bill, provides that certain transactions in connection with insurance might be considered a combine if entered into by a telephone call or prearrangement by a majority or, in fact, the entire industry connected with that type of service.

As a result of the proposals that became effective on April 1, Canadian consumers using bank services will from that date, irrespective of the Combines Investigation Act, be subject to increased costs, and according to estimates I have heard these costs will run from $28 million to $32 million. So, this item is not unimportant, and I suggest that it deserves the attention of the Senate.

This matter has been raised in the other house on several occasions. I will not quote from *Hansard* what the Minister of Consumer and Corporate Affairs said, but a headline in the Edmonton *Journal* of March 18 reads "Basford Raps Bank Service Charge Hike". These hikes, I tell you, might amount to $32 million. We are in the position of considering inflation. I wish to be very fair to the banks. I will say that they were among the reputable businessmen of this country in 1970 who gave to the Prices and Incomes Commission an undertaking that they

would not increase their charges in 1970. I commend them for that. Their own costs went up, undoubtedly, as costs in many other businesses went up in 1970. No one will read the stockmarket pages without realizing that, by and large, the profits made in 1970 were very considerably less than those earned in earlier years.

Some people will say that there was a failure on the part of the Prices and Incomes Commission to persuade the element of labour to consider what would be the result of an increase in their incomes in 1970. However, I wish to tell you that at the time I was giving this serious consideration I was somewhat startled to read a headline in one of the financial papers of this country, I believe in August of 1970, announcing that one of the oldest and most prestigious banks in Canada had an increase in profits for 1970 of 18 per cent. In a climate of this kind, how do you expect the PIC to be successful with organized labour?

I have statistics here from some of our major banking institutions over a period of five or six years. Did the Bank of Montreal increase the equity of capital put up by the shareholders during that period? The statistics indicate that it remained constant, but their profits went up by millions and millions. I do not want to be discriminatory so I will cite the Canadian Imperial Bank of Commerce. The statistics indicate that in 1966 the capital stock of the company was the same as it was in 1970, but their net income went up from $24 million to $43 million. How can the Government get voluntary restraint when there are figures of that kind with which to demonstrate? I take yet another bank, the Toronto-Dominion Bank. It does not look as if anyone was asked to invest any more money in that company. In 1966 the capital invested was similar to the capital invested in 1970 and the earnings were substantially greater.

Yesterday some of us were privileged to hear an eminent economist who advocates some form of control over incomes and wages. At the end of the meeting there was some doubt in my mind about how long he thought that could be voluntary. That is our difficulty. Is there any reason why a service charge should be different from an article or different from a service in itself, and therefore exempt from the Combines Investigation Act?

The amendment I propose for your consideration makes it illegal for banks to agree in respect of their charges. Is there not some advantage in a bank saying, "I will charge you 11 cents a cheque if you use my bank," as against another bank charging 14 cents? I am not certain of this, but I think my recollection is accurate that the biggest bank in America, with its headquarters in California, built itself up, and did so through ethnic people, by being competitive.

All my life, politically and otherwise, I have believed in the competitive system. I believe that this should be introduced wherever it is possible to do so, and that things which are called protective and exclusive should be avoided.

[Hon. Mr. Benidickson.]

This bill suggests that after referring to "insurance upon persons or property" we add "banking services, or". What is the matter with that? What is wrong with the Royal Bank saying it will charge 11 cents a cheque and the Toronto-Dominion Bank saying it will charge 13 cents?

I want to be fair to the banks. I am not an attacker of the banks. I have relatives who have been directors of some of the biggest banks in this country. But are they special people who have special acts? We have given them a special act that says they are free to an extent from foreign competition. There are certain other privileges. There are also certain basic requirements. A fly-by-night cannot start a bank; some security is required, and I think that is reasonable. There should be reasonable security, particularly for the people who lend money to banks.

By coincidence, at approximately the same date that I introduced Bill S-17, the Prices and Incomes Commission issued a statement, dated April 7, to which they must have given some study. In that statement they questioned whether or not in these times we should increase consumers costs by the type of charges that were proposed and have been in effect since April 1. These are charges which, percentagewise, are in the nature of 27 per cent and 33 1/3 per cent. The banks will defend themselves.

The best evidence that I have seen was naturally given by a person who has great experience in the financial field. I had the good fortune to work with him in the Department of Finance for some years. I refer to Mr. Harvey Perry. His argument impresses me greatly. He says that Senator Inman might write a thousand cheques a month and have a deposit of a thousand dollars. He suggests that during the same period Senator Benidickson might deposit a thousand dollars but write very few cheques. There are expenses to both. Who is going to pay them? Is the borrower going to pay them or is the depositor going to pay them?

These points are worthy of the attention of the Senate. The reason I brought this up—and it is coincidental with the report of the Prices and Incomes Commission, which states they are unjustified—is that my sense of smell, as a politician or a consumer or whatever I am, led me to believe that this was an inappropriate time to introduce these charges. I think the Senate should investigate this.

Honourable senators, I am not suggesting that our high class bankers went down to New York and thought that we in this chamber and in the other chamber were nincompoops and that if the bankers were left to run their own business they could do a much better job of it.

I want to say that the consumer in this country has been greatly protected by the work done in the Senate and House of Commons, and he will continue to be served over the years.

I suggest that my amending bill is worthy of consideration by the Standing Senate Committee on Banking,

Trade and Commerce, and I hope that honourable senators will consent to it being sent there.

Honourable senators, I have no collusion with the Government. The Government has been peppered with questions about the merits of this $28 million to $32 million additional impost on the consumers by the banks, who have not done badly over the years, as I have tried to illustrate. I suggest that we are here to fulfil a function. The biggest bankers in this country may go down to New York and deprecate the work of this chamber and of the House of Commons and come back happy, but as far as I am concerned we are serving the consumers and the electorate.

Hon. Mr. Beaubien: Honourable senators, I am opposed to this amending bill and I move the adjournment of the debate.

On motion of Hon. Mr. Beaubien, debate adjourned.

BUSINESS OF THE SENATE

Hon. Paul Martin: I would remind honourable senators that we arranged yesterday that our sitting today would be of such a duration as would permit members to attend the meeting of the Standing Senate Committee on National Finance at 4 o'clock this afternoon.

The Senate adjourned until tomorrow at 2 p.m.

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THE SENATE

Thursday, May 6, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

COMBINES INVESTIGATION ACT

BILL TO AMEND—CORRECTION IN MINUTES OF PROCEEDINGS

The Hon. the Speaker: Honourable senators, yesterday when honourable Senator Benidickson moved second reading of Bill S-17, to amend the Combines Investigation Act, I inadvertently mentioned the name of honourable Senator Paterson as being the seconder of the motion. It was understood that the honourable Senator Cameron was to be the seconder, and that was the name I had in mind at the time. The error was discovered early this morning when reading the *Minutes of the Proceedings of the Senate* for yesterday. I would therefore ask that the *Minutes* be corrected accordingly.

Hon. Senators: Agreed.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Copies of Report of the Bilingual Districts Advisory Board (Mr. Roger Duhamel, Chairman), dated March 31, 1971, pursuant to section 17 of the Official Languages Act, chapter 54, Statutes of Canada, 1968-69, together with copies of press releases relating thereto.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, May 11, 1971, at 8 o'clock in the evening.

Motion agreed to.

STATUTORY INSTRUMENTS

PROPOSED STUDY OF PROCEDURES BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—MOTION STANDS

On the motion:

> That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and
>
> That the papers and evidence received and taken on the subject in the preceding session be referred to the committee.

Hon. Paul Martin: Honourable senators, I ask that this item stand until Wednesday next. The reason for my request is that until Bill C-182, the Statutory Instruments Bill, has been sent back to the house we cannot very well proceed with this motion. The Standing Senate Committee on Legal and Constitutional Affairs is meeting this afternoon at three o'clock, with the Minister of Justice (Hon. Mr. Turner) in attendance, to discuss this bill.

Motion stands.

CONSTITUTIONAL CONFERENCE

THIRD WORKING SESSION HELD AT OTTAWA—DEBATE CONTINUED

The Senate resumed from Tuesday, April 27, the adjourned debate on the inquiry of Hon. Mr. Connolly (Ottawa West) calling the attention of the Senate to the Statement of Conclusions of the Third Working Session of the Constitutional Conference, held at Ottawa, 8th and 9th February, 1971, and tabled in the Senate on Thursday, 11th February, 1971.

Hon. Eugene A. Forsey: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Forsey shall speak now instead of the honourable Senator Langlois?

Hon. Senators: Agreed.

Hon. Mr. Forsey: Honourable senators, I first wish to thank the honourable Senator Langlois for having kindly made way for me this afternoon.

I need scarcely emphasize the importance of the subject before us, or the debt we owe our colleague the honourable Senator Connolly (Ottawa West) for raising the matter in this house. I rise with a certain diffidence to discuss it, after Senator Connolly and Senator Manning have both taken part in the debate with such distinction, a distinction which is only what we would expect from two of the stars of the long drawn-out performance of constitutional revision. Both these honourable senators have taken a notable part in those proceedings. I cannot even claim to be part of the supporting cast. I think on one occasion I was entitled to appear as a spectator at one of these conferences, but I was prevented from being even that. My sole acquaintance with the proceedings of the conferences comes, like that of most citizens, from reading the reports, official and otherwise, which have issued from those various conferences.

I cannot claim anything like the title to knowledge that is claimed by those two honourable senators who have spoken on the subject, nor can I speak from the long and vast experience of public affairs which Senator Desruisseaux brought to this debate. I shall have something to

say about the contributions of those senators shortly, en passant. I shall not make any special reference to the contribution made by my valued friend Senator Quart, but I hope she will forgive me when I say that her intervention was rather in the nature of a footnote or a marginal comment. I am an ardent footnoter myself. In fact, I think sometimes that almost my sole claim to distinction is the number of footnotes in which I appear in learned works and the number of letters to the newspapers in which I indulge. Therefore, it is with no desire to be discourteous to Senator Quart that I say that her brief but pithy contribution to this debate was in the nature of a footnote or marginal comment.

I should like to make clear at the outset—it perhaps scarcely requires emphasis—that though I am a member of the Joint Committee of the Senate and House of Commons on the Constitution of Canada, of course nothing that I say here can possibly be attributed to anyone but myself. I do not wish to have it appear that if I express certain opinions this afternoon, even if I express them rather forcibly, it means that I have a closed mind and that I shall bring to the further deliberations of the Constitution Committee nothing but a closed mind. I am perfectly open to argument; I am perfectly open to correction on matters of fact or on what I believe to be matters of fact. The matters of fact alleged had better be real matters of fact and the argument had better be pretty good argument. I do not propose to be bowled over by any kind of claptrap or flap-doodle coming from someone whose knowledge of the Constitution is perhaps in inverse proportion to his claims to knowledge. I have encountered some people of that sort. I hope that, if I express myself forcibly on certain matters, as I shall, it will not be assumed that I am in any way committing even myself in the further deliberations of the Constitution Committee.

Honourable senators, I want to confine myself to the document which is before us and to which Senator Connolly's motion draws our attention. That means that I shall not follow Senator Desruisseaux into his interesting discussion of certain larger aspects of the Constitution. I am tempted to do so, the more so as I am sorry to say that I find on quite a number of these matters I am not in agreement with Senator Desruisseaux.

I shall refrain from going into those because, in the first place, I think we should confine ourselves in general—I should, at all events—to the subject matter of the motion. In the second place, there is an important committe meeting at 3 o'clock to which I know most honourable senators will wish to go. I should like to go myself, if I were not obliged to go to the Constitution Committee meeting at 3.30. I do not wish to trespass upon honourable senators' time beyond that point. Indeed, I probably should not do so up to that point, if it were not that this is a matter of such importance, and one of the few that I think I really know something about, that I am inclined perhaps to be a little more loquacious than I should be.

First of all, the procedure for patriation of the Constitution. I must say that when I first looked at it, it struck me as being novel and elaborate but after consideration I decided that this was a subject on which the lawyers were better qualified to speak than I. It appeared to me to be a reasonable procedure, even if somewhat startling. Beyond that, I do not think I want to comment on it except for two points, or rather one point which is related to another point in the proposed amending formula.

Senator Connolly (Ottawa West) regretted that the reference in the patriation part of the document was to the "two Houses of Parliament" rather than to "Parliament". He drew attention, very properly of course, and in a salutary way, to the fact that Parliament consists of the Queen, the Senate and the House of Commons. With great respect, however, I venture to take issue on this slightly technical point of Senator Connolly's, because it seems to me that in the context of the document the two houses rather than Parliament is correct. Parliament unadorned is the proper expression to use. A resolution of the two houses, I think, is the phrase that is used, and you could not very well have a resolution of the Queen, the Senate and the House of Commons. You can have an act, of course. In fact, an act of Parliament is an act of the Queen by and with the advice and consent of the Senate and the House of Commons, as we all know. But it seems to me that in this particular context the phrase "the two Houses of Parliament" is unobjectionable.

If this seems disrespectful to Senator Connolly, I bow before his superior authority as a distinguished lawyer. But he did, after all, invite comment, and he did not say, "Comment, please, only from counsel learned in the law."

Hon. Mr. Connolly (Ottawa West): Your comment is probably better.

Hon. Mr. Forsey: On the related point in the amendment formula about the resolution of consent at the federal level, I should like to echo strongly what Senator Connolly said about the desirability of that including action by this house. When I first read the thing I was a little bit disturbed to find that it did not actually mention the two houses. I think this is probably just because they were indulging in a species of shorthand. But I hope it will be maintained by everyone in this house, and by many outside it, that in a matter of this sort we certainly should have something to say, that in any amending process this house should have an opportunity of pronouncing on it.

Hon. Mr. Connolly (Ottawa West): That is the important point.

Hon. Mr. Forsey: As long as we are here at all, surely this is one subject on which our sober second thought is highly desirable and necessary.

Hon. Senators: Hear, hear.

Hon. Mr. Forsey: If we are not going to be allowed to take part in the process of amendment, then the sooner they count us out the better. If we are not good enough to take part in a thing like that, we might just as well be abolished. I do not think there is any prospect of that, incidentally. But if we are left out, that is the kind of thing that would lead people to say, "Oh, those old

curmudgeons. Nobody thinks it worthwhile to consult them on a trifle like the Constitution. What good are they doing there? Are they just wasting our time and the taxpayers' money?"

It seems to me absolutely essential that so long as we are here we should assert firmly our right to be consulted and to be able to pronounce on any proposed amendments to the Constitution. But if it is said that, "Oh, well, nothing could possibly get by the accumulated wisdom of the House of Commons and the provincial legislatures," let me draw attention to the fact that in 1936, when all governments of the country and the House of Commons had agreed that a certain amendment was desirable, the Senate sat on it like a ton of bricks and the amendment fell to the ground—and properly so. The Senate took a good, hard, second look at that amendment and said it could lead to the economic balkanization of the country. And that was the end of that particular amendment.

It is unlikely that sort of thing could happen again, but it is possible, and one of our functions here is to bring our experience, our knowledge and our distilled wisdom, as I hope it is, to the consideration of public questions, and above all to the consideration of amendments to the Constitution, which is the very framework of our collective life, as Senator Connolly (Ottawa West) put it so much better than I could in some of the introductory words of his speech.

Now, as to the amending formula, I have heard it denounced by various people and criticized severely by others. Perhaps it is merely a sign that I am not any longer young and therefore have learned the value of the beatitude: "Blessed is he who expecteth little, for he will not be disappointed." But it seems to me that this is a reasonable formula. It is not ideal, but one of the few compensations of advancing years is that you do not expect to have heaven on yesterday morning's breakfast table. It seems to me that this is about as good a formula as we can get. It is probably somewhat better than the celebrated Fulton-Favreau formula, which I thought was reasonably good. In fact I was one of the few semi-academic defenders of that formula, although I found myself in excellent company even if rather scanty in numbers.

Honourable senators, I do not know if it is permissible to refer to proceedings before the joint committee but perhaps I may mention it briefly. I read Mr. Fulton's comments on and criticisms of the formula. Now, I have great respect and regard for Mr. Fulton, who is an old and valued friend, but I think on this point I am not prepared to go all the way with him. He objected first of all to the fact that particular provinces were specifically and explicitly given a veto. Well, on all the most important amendments to the Constitution under the Fulton-Favreau formula, every province had a veto. Of course, that was criticized as being much too rigid, but the fact is that now on practically any amendment of any importance whatever, every province has a veto. I think as a matter of sheer constitutional convention and political fact, no government whether Liberal, Conservative, NDP, Social Credit, vegetarian, anti-vivisectionist or anything else would venture to present to the House of Commons or to the Senate, or to both, a proposal for an amendment to the Constitution, other than on some trifling matter of correcting a piece of punctuation or something of that sort, without the unanimous consent of the provinces. That is just not going to happen.

We have now, under convention although not under law, one of the most rigid constitutions in the world. So I think the Fulton-Favreau formula did not contain much change from the existing situation. But in this case it seems to me that we are in a somewhat better position than we were under the Fulton-Favreau formula because we no longer require unanimity, and we no longer give to every province the power of veto.

In saying this I hope I am not giving the impression of showing an improper disregard for the claims of some of the smaller provinces. I was born in one of them, Newfoundland, and my roots go deep in another, Nova Scotia. I sometimes describe myself as one who has been throughout most of his life a Maritimer *in partibus infidelium*; I have lived up here most of my life, but my roots are all east of here, some in Quebec and most of them in the Atlantic provinces. Nevertheless, I think we have to face the sheer brute fact that the Atlantic provinces are small provinces, and we also have to face the sheer brute fact that it is rather absurd to think that if the entire country is pretty well determined on a particular constitutional amendment, the Province of Newfoundland or the Province of Prince Edward Island should be in a position to thwart that general will of the Canadian population.

So, honourable senators, I think it is rather a good thing that we have now got to the point where we are proposing that while Quebec, Ontario and, in effect, British Columbia, shall have a veto, no other individual province shall. I think this is an improvement. Now, if you say, "Why single out Quebec? Why single out Ontario?" Then, once again, it seems to me to be a sheer brute fact of politics that Quebec and Ontario are immensely large and powerful provinces, and Québec est une province pas comme les autres, a province different in many respects from the other provinces. Again, I just cannot imagine that it would be politically possible to put through, even if you had the legal capacity to do it, an amendment which was seriously objected to either by Ontario or Quebec.

British Columbia is rapidly reaching the point where it will become a province of something like equal weight, and there may be others. There is provision for this in the formula itself, for provinces which have or may attain a population of 25 per cent.

Mr. Fulton objected to the idea of putting in these percentages and mentioned various technical difficulties there. Percentage when? When do you say it has got 25 per cent? Do you refer to the last census? Do you look at the estimates of populaton by the Dominion Bureau of Statistics? What do you do to decide that a province has qualified by having 25 per cent? But this is perhaps a matter of drafting. It should be possible to put in something that should be reasonably satisfactory. The principle seems to be a reasonable one.

Mr. Fulton also regretted the dropping of the provisions for reciprocal delegation of legislative powers between the Dominion and the provinces under the Fulton-Favreau formula. I am in two minds about that. I was inclined at first to think that it was a good thing to have this because it mitigated what was otherwise an extraordinary rigidity in the formula. But after talking to some knowledgeable friends of mine in the legal profession I was inclined to be a little worried about the effect that it might have in practice upon the laws of the country, and I am rather inclined to accept the view of my distinguished and learned friend, Professor Lederman of Queen's University, that all the things that you can reasonably expect to do by legislative delegation, delegation of legislative powers, can be done by intergovernmental agreements and administrative delegation, such as we have under the act providing for regulation of international and interprovincial highway traffic, or such as we had before the courts in the famous Prince Edward Island Potato Marketing Board case, the Willis case. So, I am not too worried about this, especially as the proposed new formula is less rigid than the Fulton-Favreau formula was.

I am pleased to see that there is this concentration now upon an amending formula and upon the process of amendment. There is a tendency in some quarters to say, "away with it all," a tendency to say in some quarters, "Let us act as if we were God, making the world afresh"; let us make a *tabula rasa,* let us get rid of the British North America Act, let us start with a clean sheet, let us have a completely and totally new Constitution. In some quarters that viewpoint is put forward in a menacing tone, and I only hope that no government in this country will be bullied, whether by the young or by the old, into plumping for a completely new Constitution. I believe it is a hazardous enterprise. I doubt whether it can be carried through within any measurable period of time, and attempts even to arrive at a revised Constitution, let alone a new one, will be a long drawn-out process indeed.

Meanwhile we must go on governing the country. I am inclined to think that much the more sensible way of proceeding—and I have an open mind on this, if anyone can convince me to the contrary—would be to deal with the things that seem to need change on the basis of facts, logical argument, experience, and have a formula of amendment which would enable us to deal with the situation with a reasonable degree of celerity, although after due deliberation.

So I think it is salutary that the conference has concentrated on this question of an amending formula which can be used, if we can get sufficient agreement among Canadians, to make such changes in the British North America Act as seem really to be required for the peace, good order and good government of the country.

I am delighted to see that sections 91(1) and 92(1) are to be changed if these proposals go through. I am particularly pleased to see that the institution of the monarchy, which is now in a position where it can be abolished by a simple act of this Parliament, is to come under the general procedure and will be subject to the vetoes which are provided for in the general procedure.

Some people say, "Well, what business is it of the provinces?" I think it is very much the business of the provinces, because the Crown is very much part of their Constitution as it is part of the Constitution of the Dominion, and they have a right to be consulted on proposals for getting rid of it. No doubt they would be, in any case, but I think it is well to have it written into the fundamental document of the written Constitution.

I was pleased that both Senator Desruisseaux and Senator Manning spoke as they did on the preservation of the monarchy and the necessity for keeping it. I am inclined to think that a great deal of talk about republicanism is just a fad. There was a fad of this sort in Great Britain back in the second or third quarter of the nineteenth century. Everybody was full of excitement, everybody who was anybody, all the avant garde people, were full of excitement about the necessity for changing the monarchy to a republic; but it passed off, and I suspect it may pass off here also.

I simply cannot understand those people who want to get rid of our monarchy and substitute for it an alien system, a republican system, something that we have never had in this country, in the belief that it will enhance our Canadian identity. In other words, if I am not altogether satisfied with my identity I will try to change myself into somebody else, get my face lifted, get myself stretched in some way, get my hair dyed, adopt a new fashion in clothes, go around looking like a hippie, and then say "That's splendid." Perhaps it is. Perhaps it might be an improvement. But I cannot see that it will enhance my identity. It will simply change my identity. There may be good reasons for changing the identity of Canada, but let us not, on the plea of enhancing our identity, go in for something that will change our identity. Let us use words with some regard for their meaning. If we want to use the word "change," let us say "change"; if we want to use the word "keep," let us say "keep".

I want to emphasize very much and very strongly something that is often forgotten, namely, that the monarchy, good, bad or indifferent, is not something that was foisted upon us in this country. It was something that we deliberately chose. Among the many fairy tales that are circulated about the origin of the Constitution, this is among the hardiest. We get it from here, there and yonder. We get it from foreigners and from some of our own people. We get it from supposedly learned people, and from ignorant people. This idea that the monarchy was foisted upon us by the British Government or was adopted by the Fathers of Confederation—

Hon. Mr. Lamontagne: May I be permitted to ask a question?

Hon. Mr. Forsey: Yes, certainly.

Hon. Mr. Lamontagne: When you speak about republicanism, to what type of republicanism are you referring?—because there are different types. Is it the Indian type or the American type?

Hon. Mr. Forsey: I have frequently asked the proponents of the republican theory to answer that question, but I have never got an answer yet, whether they want a de Gaullist republic, a Soviet republic. Some would like a Maoist republic, or some would like an American republic and some an Indian republic. I think that those of us who are dubious about this proposal are entitled to ask for what the French call "des précisions", but I have asked for them in vain.

Hon. Mr. Lamontagne: Do I understand you are opposed to any form of republicanism?

Hon. Mr. Forsey: At present, yes; if anyone can show reason to the contrary I will listen, but I know of none now. I have no admiration for the work of the American Republic and if you wish to list the others, there are a good many of them where I would prefer not to live.

I merely emphasize that the monarchy was not imposed upon us, nor was it adopted by the Fathers of Confederation simply because they were too boneheaded, stupid, ignorant or timid to come out for a republic.

I intend now to quote from the *Parliamentary Debates on Confederation*, in the Legislature of the Province of Canada, a passage from the speech of Sir John A. Macdonald on this subject. It is a fairly lengthy passage; I may find at three o'clock that I will have to adjourn the debate. Perhaps some honourable members will say, as Mr. Disraeli once said of Gladstone, that I am intoxicated by the exuberance of my own verbosity. At any rate, I do not want to scamp the debate. I have started out to discuss this and I am going to discuss it to the best of my ability. What did Macdonald say in the *Confederation Debates* on this subject? I will now quote:

> I think it is well that, in framing our Constitution—although my honourable friend the member for Hochelaga (Hon. Mr. Dorion) sneered at it the other day, in the discussion on the Address in reply to the Speech from the Throne—our first act should have been to recognize the sovereignty of Her Majesty. (Hear, hear.) I believe that, while England has no desire to lose her colonies, but wishes to retain them, while I am satisfied that the public mind of England would deeply regret the loss of these provinces—yet, if the people of British North America after full deliberation had stated that they considered it was for their interest, for the advantage of the future of British North America to sever the tie, such is the generosity of the people of England, that, whatever their desire to keep these colonies, they would not seek to compel us to remain unwilling subjects of the British Crown. If therefore, at the Conference, we had arrived at the conclusion, that it was for the interest of these provinces that a severance should take place, I am sure that Her Majesty and the Imperial Parliament would have sanctioned that severance. We accordingly felt that there was a propriety in giving a distinct declaration of opinion on that point, and that, in framing the Constitution, its first sentence should declare, that "The Executive authority or government shall be vested in the Sovereign of the United Kingdom of Great Britain and Ireland, and be administered according to the well understood principles of the British Constitution, by the Sovereign personally, or by the Representative of the Sovereign duly authorised." That resolution met with the unanimous assent of the Conference. The desire to remain connected with Great Britain and to retain our allegiance to Her Majesty was unanimous. Not a single suggestion was made, that it could, by any possibility, be for the interest of the colonies, or of any section or portion of them, that there should be a severance of our connection.

There is more to the same effect, but I need not weary your honours with more of it. The thing is perfectly clear; if you think it was merely that Macdonald was Scots-born and an irreclaimable old Anglo-Saxon Tory,—though Anglo-Saxon is a curious term to apply to a highlander—then let me remind you that all through the *Confederation Debates* you can find the perfervid declarations of Sir Georges Cartier with regard to the undesirability of democracy, which he equated with mob rule as they had it in the United States, and the absolute necessity of the monarchy.

Let me remind you also that the Fathers wanted to call this country the Kingdom of Canada and the only reason they did not succeed was that the British foreign office was nervous about the Americans; they thought they would not like it very well.

One of the very few things in our Constitution which we have actually got from the British Government is the elimination of the word "kingdom" from our title. The Constitution as we have it now is about 99.9 per cent the creation of the British North American delegates who met at Charlottetown, Quebec, and the Westminster Palace Hotel in London. The British Government did three things altogether: it said the power of pardon should be vested in the Governor General, not in the Lieutenant Governors, and the delegates reluctantly consented. That, of course, is not in the British North America Act; it is a matter of prerogative. It said "No, you cannot call it the Kingdom of Canada", so the Fathers went back and thought it over. Sir Leonard Tilley had been reading his Bible, the 72nd psalm, and he suggested instead the word "dominion". This was accordingly communicated to the Queen by Lord Carnarvon in a letter of, if my memory serves me, February 8, 1867. The letter said that it was a novel title, but one which the British North American delegation desired as an expression of the monarchical principle "which they earnestly desire to uphold". So good, bad or indifferent, the monarchy is ours. If we wish to change it, we are perfectly at liberty to do so; no one is going to stop us. But let us have none of this unadulterated nonsense about our having it imposed upon us, or about the Fathers of Confederation being just a lot of mixed up kids who did not know what they were doing.

Incidentally, the third matter in which the British Government put its oar in had to do with this honourable house. In the original proposals, as honourable senators are doubtless aware, there was no provision for breaking

a deadlock between the two houses. The British Government was very much upset about this and proposed a provision, which the Fathers of Confederation turned down. Eventually the Fathers of Confederation, in response to British expostulations, proposed what is now enshrined in sections 26 to 28 of the British North America Act, the provisions for the appointment of extra senators.

There are the three matters with which the British Government had something to do. They are the substitution of "dominion", although they did not suggest it; they just wanted something other than kingdom; the transfer of the pardoning power from the Lieutenant Governors to the Governor General and the provision for breaking a deadlock between the two houses. There they did not get what they wanted; they merely prodded and pushed the Fathers of Confederation into making suggestions of their own.

One thing about the proposal on the subject of the monarchy and the Lieutenant Governors' position that I am a little uneasy about is that it refers to the "functions" of the Queen, Governor General, and the Lieutenant Governors. I am not sure that that covers the whole ground; I suppose it does. Lawyers will be able to pronounce on that, but I suppose it does.

Why include the Lieutenant Governors? Here, perhaps, I am going to say something that will strike honourable senators as somewhat quaint and antiquarian; I am not so sure that it is. The Lieutenant Governors at the present time have the power to reserve a bill for the signification of the Governor General's pleasure. They are required to send all acts of provincial legislatures to the central government, which is then entitled under the act to disallow them, if it sees fit, within a period of one year after they arrive here. There has been a good deal of suggestion that these powers of reservation and disallowance, which are closely connected with the position and function of Lieutenant Governor, are obsolete and should be dropped. but they are still there and I should like to suggest that it might be as well not to be too sure that they are obsolete, but that there may be some point in awakening the sleeping beauty, if it is sleeping. As long as you bought off the powers of reservation and disallowance, which could conceivably be some protection for civil liberties against encroachment by provincial legislations, for a comprehensive bill of human rights entrenched in the Constitution I did not feel particularly excited. However, it now appears that we are to have a rather restricted Bill of Rights, and I think there are good arguments for its being restricted. It seems to me that we may find that a government with sufficient devotion to human rights and fundamental freedoms might find it very useful to have these weapons at its disposal for dealing with such things as the provincial Public Order Act of Prince Edward Island, which I gather is soon to die "unwept, unhonour'd, and unsung," and what I gather is a somewhat dubious piece of legislation in Alberta infringing upon certain human rights there.

I am not by any means sure the Bill of Rights, which it is now proposed to include in the Constitution, would be adequate for defending rights against the encroachments of provincial legislatures. I would like to see them defended against the encroachments of the Parliament of Canada too, but if we cannot have that I think we had better make do with the half loaf which is at present at our disposal.

I am glad to notice that in the proposed Constitution the safeguards for the minimum representation of the provinces in the other place, based upon their representation in this house, are maintained. This is particularly important for the smaller provinces, especially of course for the Atlantic provinces. Two of them are already down to their minimum, and I greatly fear the others are getting close to it and will arrive there before too long.

Some of the proposals I have seen for Senate reform in certain quarters have suggested that the representation of the Atlantic provinces should be seriously reduced. I am delighted to see that in this set of proposals there is a safeguard against that.

I am not altogether sure I am so happy about the special guarantee for the Senate. I think there is something to be said for the existing situation, in which the Parliament of Canada, which includes us of course, could abolish the Senate, or amend its Constitution and powers in any way it saw fit by a simple act of Parliament. On the other hand, I think we are going to stay here; I do not think there is any prospect of our being abolished. There is something to be said for the safeguards which are in here.

I must admit that some of the schemes I have seen for so-called Senate reform have made my hair stand on end, if only because as a rule they would give this house much more power, and I am afraid that would be power to make a nuisance of itself, which I do not think is the proper function of this house. I therefore think there is probably good argument for the provision safeguarding certain aspects of the Senate's constitution. I am a little less sure that there should be this restriction put upon the power of the Parliament of Canada to change the powers of the Senate.

As I was saying a moment ago, the Bill of Rights that we are going to get is a relatively restricted one. I am of a somewhat divided mind on this question of an entrenched Bill of Rights. I listen to the common law lawyers on the subject and I can see point in what they say, especially in view of the rather dubious experience of the United States with its Bill of Rights in regard to new social legislation and that sort of thing. On the other hand, I lived in the Province of Quebec in the palmy days of the Honourable Maurice Duplessis, and I can see certain reasons for trying to put certain fundamental rights beyond the power, either of the Parliament of Canada or of any provincial legislature.

I think you have to be extraordinarily careful how the Bill of Rights is drafted. It must be recognized that it would give the judiciary a power they do not at present enjoy in this country. I am not sure I am prepared to go by any means all the way with some of the common law people who say, "Trust Parliament and the provincial legislatures. Have faith in democracy. Don't place any of these powers in the hands of appointed people." I am not

so sure about that. This idea that appointed people are necessarily bad has never appealed to me, even before I became one of the appointed people.

I think there is something to say for having certain rights at least entrenched in the Constitution, and I am glad to see these particular rights are to be entrenched. I think it possible that if this works out well we may at some later date decide to entrench some other rights as well, though I hope we shall not try to entrench some of the economic rights that are sometimes set forth in high-flown documents on this subject—the right to work, which is a very tricky one, the right to an adequate standard of living, and the right to various things which I think a court would find it extremely difficult to pronounce upon.

It is getting very near the witching hour when everyone must get away. On the question of languages, I am in accord with what has been proposed here, except that I am rather unhappy about the attitude of the Province of Quebec on the subject of removing the present guarantees for the English-speaking minority in that province. I am aware of the argument that Quebec has waited a long time to see the other provinces do as much for the French-speaking minorities there, and I agree that not enough has been done, or fast enough. But we are moving in that direction. We have moved at a speed that would have seemed to me a very few years ago completely impossible, notably in Ontario, and also I think in Manitoba.

I think it is a pity—and I strongly endorse what Senator Desruisseaux said on this matter here some weeks ago—at this point in time to see the Province of Quebec apparently moving in the opposite direction, just when apparently a more liberal or enlightened policy is being adopted in the other provinces. However, I can see the logic of it, and I presume the probability is that in Quebec we shall have—at all events I hope so—reasonable governments that will in fact make reasonable provision for the rights of the English-speaking people. However, I am a little uneasy about this, and I am a little sad to think that this attitude of the Province of Quebec has come along just now.

I am glad to see it is proposed to put in the Constitution an explicit provision that either Parliament or the legislatures can add to the use of either or both of the official languages as they see fit; that what is written down, as it were, in section 133, or some amended and improved version of that, should be regarded simply as a minimum. Of course, I think that is what it is now, in spite of the arguments of the former Mr. Justice Thorson to the contrary. Frankly, I do not think Mr. Justice Thorson's arguments stand up. I think the Official Languages Act is well within the powers of Parliament. However, that is merely one of my illegal legal opinions; I have no professional right to make that statement. I simply say that after careful study of it, and in the light of what I know about Canadian constitutional law—and what I do not know is a vastly larger terrain than what I do—it seems to me the act is well within the powers of the Parliament of Canada, and the former Mr. Justice Thorson, for whom I have great respect and affection, is on this subject talking through his hat.

With regard to the Supreme Court of Canada, the two things I want to mention are the participation of the provinces in the process of appointment, and appeals in matters of provincial law from the highest court of the province.

On the first, I should like to say that the only plan that seems to me satisfactory for giving the provinces any part in the appointment of judges in the Supreme Court of Canada is what I believe is generally known in the United States as the Missouri plan. Obviously it would have to get a new name here, and would have to be modified for this particular purpose. If honourable senators are interested they can find this discussed by Professor Lederman in his evidence before the Joint Committee on the Constitution of Canada. I was going to quote it, but I will not because it would take too long. The evidence was given on Tuesday, October 27, 1970, and appears at pages 21 and 22 of the committee proceedings. The idea is that, while the Government of Canada should continue to make the appointments, there should be a body representing the provinces, representing a variety of aspects of public opinion, features of public opinion, which would draw up, as it were, a list of suitable appointees from which the Government of Canada would make its selection.

The same thing, incidentally, is proposed for appointments to the Senate, and there is a good deal to be said for it there also. It is, in fact, the only scheme of Senate reform that I have ever seen which I should be prepared to support. My own attitude on Senate reform could be almost summed up in the words "abolition, yes; reform, no". I do not believe in abolition, I do not think it is likely to happen, but I would sooner see us abolished than have some of the crack-brained, hair-raising schemes for reform that have been proposed, adopted.

On the matter of appeals on questions of provincial law from the highest court in the provinces, I share the uneasiness of Senator Connolly (Ottawa-West). He said, if I understand him correctly, that it was not a serious problem. I am inclined to think that it might be a rather serious problem and that some of the qualms which he expressed, after making that qualifying remark, are well-founded and of considerable importance.

Honourable senators, that brings me nearly to the end of what I wanted to say and certainly almost to the end of my allotted time. There is not much more that it is seriously necessary to say, except on one thing, this question of social security policy, which has been a sticking point with the present Government of Quebec and may, indeed, imperil the adoption of this amending formula.

I am inclined to be in accord with Senator Connolly, if I understand him correctly, that we do not want to do something which will jeopardize the maintenance of certain minima of social security across this country. Quite frankly, there is a further and rather specifically political—though I hope not in the partisan sense—point to be made here. If the people of the Province of Quebec get

all the outward and visible signs of government power, at least in financial form, coming to them from the provincial government, they may tend to consider that the provincial government is the giver of all, even though the money, or a great part of it, comes from the Government of Canada.

Some honourable senators who have lived in Quebec, and some who have not, may recall the story of the school children, in the days of the Honourable Mr. Duplessis, who were being asked by the teacher a series of questions: «Qui nous a donné cette belle école? Qui nous a donné la nouvelle route? Qui nous a donné la nouvelle...» and so on and so forth. It started off with concrete things like the school, and the church, and the presbytère and the highway, and the answer in every case was: "Maurice Duplessis". Then the teacher said: «Et, qui nous a donné ce beau ciel?» And some child called out: «Le bon Dieu!» And then there was a cry: «Sale Communiste!»

That story is a facetious indication of the kind of thing that could happen if all the cheques for all the social services come bearing the imprint of a provincial government. The moment may come when the people who receive these things may say, "Why bother to send people to Ottawa, everything comes out of the provincial government? Let us be satisfied with the provincial government."

There is a serious problem here. One can of course get utter confusion on this subject, even without that. I know that for a long time in the Province of Newfoundland a vast proportion of the electorate thought that all the social benefits came straight from Joey Smallwood. No matter what you might tell them, they thought it was all from Joey, almost as if his personal signature appeared on every cheque. There are dangers there, dangers to the general standard of social security across the country. There are dangers also that we may get this further fragmentation, this further undermining of the practical political authority of the Government and Parliament of Canada.

Honourable senators, there are one or two other points on which I had thought of saying something, but I have now covered those which seemed to me of the most importance. I hope that the contribution I have made to the proceedings may have some value. I trust that I have not sounded too dogmatic. Let me reiterate that I am open to conviction, that I am quite prepared to change my opinions on any of these things, given good and sufficient reason. Some of the points that I have made are at least worth a moment's consideration, I think, by the members of this house and, if they reach so far, even by members of the press and members of the general public.

On motion of Hon. Mr. Martin, debate adjourned.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, as I mentioned a moment ago, our business today has been arranged so that we can attend the meeting of the Standing Senate Committee on Legal and Constitutional Affairs, in Room 356. The Minister of Justice will be present to answer questions with regard to the bill setting up an arrangement for the scrutiny of statutory instruments.

The Senate adjourned until Tuesday, May 11, 1971, at 8 p.m.

THE SENATE

Tuesday, May 11, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of a news release issued by the Department of National Health and Welfare on May 6, 1971, entitled "Document on Family Planning".

Copies of text of the International Wheat Agreement, 1971, as adopted in the final plenary session of the United Nations Wheat Conference held on February 20, 1971, at Geneva.

Copies of text of pages 1 and 2 of the October 1970 issue of "Foreign Trade" respecting a joint communiqué issued in Stockholm on October 13, 1970, by representatives of the Governments of Canada and the People's Republic of China, which recorded the agreement on mutual recognition and the establishment of diplomatic relations.

Report of the Export Development Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1970, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Copies of Order in Council P.C. 1971-840, dated May 4, 1971, amending Part II of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, chapter 42, Statutes of Canada, 1968-69.

PRIVATE BILL

ROYAL VICTORIA HOSPITAL—REPORT OF COMMITTEE

Hon. Leopold Langlois, for Hon. Earl W. Urquhart, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill S-19, respecting the Royal Victoria Hospital, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. L. P. Beaubien: Honourable senators, with leave, I move that the bill be read the third time now.

Hon. Mr. Fournier (De Lanaudière): Honourable senators, I should like to tell this honourable house that anything we can do for the Royal Victoria Hospital in Montreal will be helpful to the whole country.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1) (g), I move that when the Senate adjourns today it do stand ajourned until Thursday, May 13, 1971, at 2 o'clock in the afternoon.

Honourable senators, this motion is necessary because of the heavy schedule of work for our standing committees tomorrow. The National Finance Committee and the Banking, Trade and Commerce Committee will hold lengthy sessions. Though it has no relation to this particular motion, I would point out also that the Standing Senate Committee on Rules and Orders will be sitting tomorrow evening.

Hon. Mr. Fournier (De Lanaudière): Honourable senators, as far as I can see, we are not pressed for time because we are waiting for work to come to us from the other place. I would prefer that we adjourn now in order to watch the hockey game.

Hon. Mr. Sparrow: Honourable senators, Senator Everett has asked me to mention that, since the house will not be sitting tomorrow, the meeting of the National Finance Committee has been moved from 4 p.m., as shown on the notice of meetings, to 2.30 p.m.

Hon. Mr. Langlois: May I add that the National Finance Committee will meet at 10 o'clock tomorrow morning, and I have just been informed that the Banking, Trade and Commerce Committee may sit tomorrow afternoon as well as in the morning.

Motion agreed to.

[*Translation*]

INTERPARLIAMENTARY UNION

SPRING MEETING HELD AT CARACAS, VENEZUELA

Hon. Leopold Langlois rose pursuant to notice:

That he will call the attention of the Senate to the spring meeting of the Interparliamentary Union held at Caracas, Venezuela, 12th to 18th April, 1971, and the participation therein of the delegation from Canada.

He said: Honourable senators, I regret having to go against the suggestion of my colleague Senator Fournier (de Lanaudière) and I fear that I shall contribute to his missing a good part of the hockey game.

Tonight I wish to report to the Senate on the Interparliamentary Union Conference held at Caracas, Venezuela, from April 12 to 18, 1971. I do not intend to describe to you the long journey to the Conference or the social functions which took place on that occasion. Let me tell you, first of all, about the extremely warm

welcome extended to us in Venezuela. We were given the impression that this country, which is now living through the first few years of a democratic experience, was really happy to be host to the Interparliamentary Union delegates. For those who are especially interested in this country, I feel that a brief outlook on Venezuela's political history will enable them to better appreciate the reasons for this warm welcome extended to all of us. As many of you are aware, from 1830 until the fall of the Perez Jeminez dictatorship in 1958, Venezuela had known just a few brief periods of democratic government. The free elections held in 1958 were followed by the forming of a coalition government of the left centre with, as President, the leader of the Accion Democratica Party, Romulo Bétancourt. At the 1963 elections, Raout Leoni was elected President. At the December 1968 elections, Dr. Rafael Calderra of the COPEI Party was then elected President and he is still in office. However, the previous government's political group is still holding the largest number of seats in the Congress and Dr. Calderra has been in power since March 1969.

The Canadian delegation to the Caracas Conference included Mr. Yves Forest, M.P.; your humble servant; Mr. Louis Comeau, M.P.; Mr. John Reid, M.P.; and Mr. Max Saltsman, M.P. The delegation was accompanied by Mr. Peter Dobell who acted as adviser, and Miss Jean Macpherson as executive secretary. I hastily add that both were very useful and that they did a wonderful work with spirit and great competence. We wish to express our gratitude to both of them. Now, I would like to talk about the contribution of the Canadian delegates. First of all, all members of the delegation attended the inaugural ceremony on April 13 in the Congress building. Dr. Rafael Calderra, President of the Republic of Venezuela, made a speech to welcome the delegates and was preceded at the platform by the President of the Congress, and followed by Mr. Chandernagor, President of the Union and member of the French National Assembly.

Among other topics, the parliamentary and judicial committee had to consider the importance of standing committees for the development of the activities of Parliaments. Mr. Forest had submitted a working paper at the beginning of the year and he took part in the debates of the committee on that subject.

He stressed the importance of the matter for all parliamentarians and generally discussed the function and role of parliamentary committees. He said they should help Parliament without taking from it the responsibilities that are its own. He also mentioned the similarities and differences between the various systems in operation in countries represented at the Conference, on the basis of the working papers submitted by other delegates.

He concluded, suggesting that the topic be discussed further, in its entirety, at the Paris Conference next September, as well as discussed and studied if possible by forums or symposiums organized under the patronage of the Union in the near future.

The committee decided that it was not necessary, to draft a resolution on the subject but that it should, instead, be placed on the agenda and debated at the Paris Conference. Rapporteurs were then elected, namely Mr. Yves Forest, barrister, (Canada), Mr. André Saint-Rémy, (Belgium), and Mr. Boris Spassov, (Bulgaria), and commissioned to prepare written reports to be distributed before the meetings in September, and to introduce the subject for debate at the Paris Conference.

Three topics were then studied by the Economic and Social Committee. Your humble servant was delegated to participate in the debate on the problems concerning the Second Decade of Development. I took that opportunity to give details on the aims of the Canadian International Development Agency by describing the five priorities it has set for itself.

I have based this discussion on the Agency's priorities and on the report, I should say the excellent report, recently submitted by the chairman of the Agency to the House of Commons Defence Subcommittee, as well as on the statement on foreign policy made last year by our Secretary of State for External Affairs.

Here are the five priorities discussed at the Caracas Conference:

1. Give greater consideration to the local and social consequences of our aid;

2. Further emphasize multilateral aid and take part in international activities to liberalize the conditions for aid;

3. Give a greater impetus to the aid to French-speaking Africa and Latin America;

4. Accelerate the implementation of our projects everywhere;

5. Stir up the interest and encourage the participation of the Canadian nation.

In assigning to CIDA these major priorities for the next years, I believe we do not stray from the directive established by the United Nations for the second decade of international development.

First Priority: Give greater consideration to the local and social consequences of the Canadian aid.

That is a matter of the utmost importance.

There is, first of all, the problem of integrating the aid provided. In the 1960s, most of the aid given by Canada and other countries was distributed within the framework of bilateral agreements. Such a framework very rarely allows for the co-ordination and the "complementarization" of projects of various origins in the same recipient country and, furthermore, it sometimes permits, and this is regrettable, some projects to be carried out at the expense of the others. The responsibility for this is divided. Some recipient countries had no detailed development plan. Furthermore, some donor countries had pet projects, prestige projects, and concerned themselves with those only, without taking the trouble of considering closely the whole series of development problems facing the recipient country. The low-income countries have understood, just as we have, the drastic defects that such "sprinkling" gives to the aid. There is much more concern now about making sure that each project has a place within the general development pro-

gram. The need for integrated plans may be illustrated in many ways. Investment in a new industry, for example, should bring about consideration of investments in housing for its future workers. An agricultural development project will only be complete if it includes agricultural training and rural community development programs. At any rate, nothing is complete as long as the men and women who live in the recipient country have not been trained to succeed foreign advisers and assume full responsibility for the project undertaken with the help of the latter.

As a fine example of integrated planning let us mention the vast DERRO rural development project for which Canada has associated with Morocco in the mountainous province of Tetuan. Following agreements which have just been signed, Canada will maintain for five years, in its assistance area of Er Riff, a team of technical experts in various fields of economic and rural development; it will provide them with the equipment they might need in their mission and will train in our country Moroccan technicians who will be called upon to replace our experts.

No doubt the integration should go beyond the supply by a given country of technical teams made up of many experts. It should entail closer co-ordination among donating countries and local and international organizations.

In addition to integration, it is essential to consider social development. We generally recognize today that if the 1960s have witnessed economic progress in terms of gross national product, they have on the other hand shown very little interest in the social promotion of underprivileged countries. Now, both objectives—economic development and social promotion—must be sought together.

Incidentally, I would like to add that quite recently Japan and Canada have been leaving aside the term "gross national product", as indicating the progress or failure of our economy, using instead the expression "net social benefit"—that is the social benefits brought to the people by the national product or the economy—and I think that the words are more accurate and more up-to-date.

I say that the integration concern must not only be based on the mere provision of technical equipment, services and materials. It is essential, in my opinion, that the Canadian International Development Agency with other co-operative organizations take more fully in consideration the direct social incidence of their aid programs.

We have already begun to emphasize that aspect of foreign aid and to consider how we could further support social promotion of the underprivileged in each country to the development of which we are invited to contribute.

This kind of promotion can be encouraged in several ways. In the co-operative program in education, for instance, the social incidence is, of course, very important, and the same is true in respect of projects about public health, water supply, agricultural development or population planning. The assistance projects which do more than any others to multiply job opportunities will also help solve one of the most serious social problems which can be anticipated for the seventies: unemployment among the young, especially among the educated young. Successful instances of this rightful concern for social promotion may be found in the Canadian technical assistance provided to polyvalent schools in Guyana and to secondary schools in Jamaica. They can also be found in the water supply project in Markenborg, Guyana, the dry land farming project in India and the agricultural land re-allocation project in Commonwealth Africa. Such projects with a net and positive social impact will have to be multiplied. Their planning and financing have been made easier with the great flexibility that has been introduced by the statement on foreign policy into the operations of our International Development agency. My third point has to do with the impact of our aid at the local level. When I analyze our aid from this point of view, it appears to me that this impact and the effectiveness of our programs in developing countries have often been reduced by our obvious desire that our assistance should be tied in to our own economic interest.

Tying in a considerable percentage of our aid to the purchase of Canadian products and services places obvious burdens and obligations upon these countries. In addition, we found, except in some exceptional cases, that we were unable to realize projects for the sole reason that they involved excessive local costs. There is no question that at times this has been a serious impediment to the efficiency of our aid. Naturally, I am pleased with the new and significant flexibility which the foreign policy statement of our Government has provided our operations and which enables particularly CIDA to assume, in addition to a larger portion of the local costs, the responsibility for worthy projects which previously were out of the question.

In the same perspective of liberalization, Canada will take an active part this year in a study conducted on the ways to "untie" aid, which was undertaken by the Development Assistance Committee of the OECD.

The second priority is to further emphasize the multilateral assistance and participate in international initiatives designed to provide assistance on easier terms.

Honourable senators, to date the initiatives taken in favour of "untying" assistance prove that the donor countries are paying more and more attention to co-ordinated and multilateral assistance. In this area, Canada is already in very good standing. We have taken the lead in refunding and even expanding the loan fund of the International Development Association.

Our aid is more widely distributed than that of most donor countries, through international organizations. The statement of Canada's foreign policy has led us further in that direction, by setting as a goal for our multilateral aid a ratio of 25 per cent of our total aid. Canada will almost have achieved that objective next year when the third refunding of the AID will be carried out. Indeed, our contribution must be doubled, in order to remain in line with the doubling of the total amount of the fund.

Also, our participation in regional development banks should be pointed out. We have contributed to the creation of the Caribbean Development Bank. We are now striving to launch a special fund for easy term loans sponsored by the African Bank of Development. Within the framework of the Asian Development Bank and of the administration of the Inter-American Development Bank, our contributions have not been availed of as promptly as could have been wished. One reason for this is the obligation to purchase products and services from Canada tied in with the use of loans granted through these institutions.

A solution to such problems must be found. The discussions taking place on an international basis as to the best way of "untying" aid in a concerned and controlled way are approaching agreement on the so-called "Dutch formula."

I now pass on to the third priority, that of giving more impetus to aid to French-speaking Africa and Latin America.

We are given the opportunity to apply the principles I just mentioned to our most recent co-operation programs, to take more than ever into consideration in these programs the local and social factors, and to take full advantage of the new flexibility of our operations and of the liberalized conditions of our assistance. Our contribution to the development of Asia and of the African and Caribbean countries of the Commonwealth had ample time to become well thought-out programs. Of course, the new principles of international development and the new facilities at our disposal have an ideal testing ground there, but as a continuation of already well-tried methods. Besides, there are two new areas for Canadian intervention where the principles referred to can, almost immediately, confer on our co-operation programs the necessary style and character as the second decade of international development is just dawning upon us. This is one of the compelling reasons for the emphasis to be placed on our co-operation programs in French Africa and Latin America.

I am now coming to the fourth priority which is to accelerate implementation of our projects in all areas.

Of course, building assistance programs for French Africa or Latin America is one thing, but putting them in effect as rapidly as possible is a completely different proposition. This problem of rapid implementation—sometimes referred to, in a less positive way, as delay in effective use of funds—was raised more or less everywhere in the recipient countries and in various sectors of the Canadian public. In that respect, I should like to recall some facts which stand out on account of their contrasting character. First of all, it is quite clear that co-operation is a tremendously complex undertaking and that development projects entailing millions and millions of dollars are not questions to be settled overnight. In most cases, years will be needed to carry out some infrastructure project. As for food assistance, equipment and technical aid, the way is shorter between the provision of credits and their use. As for the credits and the actual expenditures, the CIDA agents who look after planning and operations worked steadily indeed with the means available to them in order to reduce to a minimum the time between the granting of the credits and the recording of the expenditures.

Now a few words on the last and fifth priority, that of stirring up interest and encouraging the participation of the Canadian people. But let us forget about dollars and figures. International development co-operation does not boil down to that, for it is based upon an ideal made up of a sharing society, of a world where people are interdependent. So Canada's input cannot be only financial and technical. It must also have a humanistic character identifying it from the start to the end. To achieve this, it is important that the Canadian people be interested and co-operate as much as possible in international development. Therefore, we must develop a state of mind, a lasting attitude rather than launching a short-range campaign with such or such objective in mind. One must admit that such an undertaking was carried out up to now without much continuity or systematic progression. And the enthusiasm or the brilliant actions of those who worked steadily so that the Canadian people may understand the international development problems will not be lessened through a mere stressing of what is left to be done. One could give excellent examples of that great popular information venture—the Miles for Millions March is a fine example of that and we had another one just a few days ago—but those are but beginnings.

A much more far-reaching and concerted effort will have to be organized if we want to ensure the interest and participation of the Canadian people. Canada has, of course, a great reservoir of know-how and experts to draw from. Moreover, the extension of our assistance programs has made many young Canadians anxious to participate personally in international development. In this connection, I would like to mention particularly the Canadian University Services Overseas (CUSO) which is certainly one of the most energetic voluntary organizations among all those which, in Canada, are working towards the social and economic promotion of the Third World. It has been my pleasure to see CUSO workers in the field, in India, two years ago, and I was very proud of them. In addition to the tasks which they accomplish for their host countries' administrations or institutions, these Canadian volunteers are creating a lasting interest and understanding between their relatives and friends in Canada and the country where they work. In addition to CUSO, about a hundred other voluntary Canadian organizations are providing, for international development in the form of various donations and voluntary services, an annual contribution totalling more than $30 million. This is impressive evidence of the support given to international development by the Canadian public and of the public support enjoyed by the international co-operation policies of the Canadian government.

This public support makes it a duty for us to find more direct and ingenious methods to inform and educate the public in the field of co-operation to international development. In my opinion, a well-informed public is essential if Canada is to succeed in its efforts

to meet its responsibilities as a have-member of the international community. Non-government bodies could play a major role in creating such a public; being in contact with all the communities, large and small, of this country, they are in a remarkable position to make all levels of society aware of the problems and obligation of international development.

The second decade for international development, proclaimed by the United Nations, gives us an opportunity for further initiatives in this area.

There is a second form of Canadian participation which we need, and it is that of business and industry. Many developing countries, having in mind their colonial past, distrust foreign enterprises and run the risk of forgetting that free enterprise can bring a unique contribution to their development.

Canada is a country which is familiar with the problems created by foreign investments, a fact which can make it more understanding than others as far as certain fears are concerned. If it is conducted carefully and discriminately, private Canadian investment can help develop a new image of foreign enterprise, that is one of a partner and not of a future exploiter of developing countries. That is setting a goal which is not easy, but I believe that CIDA should seek to assist Canadian businessmen to conceive their investments in developing countries as a true partnership where profits must be fairly shared.

The need to increase the amount of private Canadian capital seems all the more obvious when one considers the objective of 1 per cent of the gross national product to be earmarked for international development. Canadian public aid will soon reach seven-tenths of 1 per cent. But there are three-tenths yet to be found, and the private sector is implicitly relied upon to produce them. Until now, the contributions of the private sector have been amongst the lowest, but it should not be so in the years to come. During its very first months of activity, the Business and Industry Division of the CIDA has experienced, indeed, a most favourable reaction to its offers of assistance in preinvestment studies, initial investigations or net return studies. These reactions make us feel that there might be a source of investments for the Third World which has not yet been tapped.

I shall end here this summary of the remarks I made in Caracas and get back to the work of the conference.

Following a debate on this matter which I just referred to, the Drafting Committee, headed by Mr. Pierre Grégoire from Luxembourg, and consisting of delegates from Australia, France, Iran, Thailand, the United Arab Republic, the United States and Yugoslavia, submitted a draft resolution which was passed by the Committee, following the addition of an amendment proposed by the Dutch group. The Committee appointed Mr. Pierre de Montesquiou (France) as the rapporteur on this matter and a copy of the draft resolution will be submitted for discussion at the Paris conference.

On the following day our Canadian colleague, Mr. Saltsman, NDP member in the House of Commons, participated in a discussion on the various approaches to vocational training in terms of employment. Rising at the end of the debate on the subject, Mr. Saltsman questioned the emphasis which other delegates had placed on the importance of manpower retraining programs. He expressed the view that in a world where capital is in short supply, capital resources could easily be wasted on retraining. He felt that priority should be given to employment and that it would be wiser to allocate limited capital resources to the development of job opportunities and leave it to plants to train their future employees on the job.

That subject was studied by the Union at a previous meeting, and national groups were required to submit relevant information and working papers to the rapporteur, Dr. Erika Wolf, of the Federal Republic of Germany. Considering that the response to the initial request had not been satisfactory, Dr. Wolf was asked to try once more to obtain this material from national groups and prepare a new report on the question for the Committee at the spring meeting of 1972.

Mr. Saltsman also took a very active part in the discussion on the item on the agenda concerning a proposal to create an emergency world inventory of food, medical supplies and so on, to assist victims of natural disasters throughout the world.

The draft resolution submitted by the delegation of the United Kingdom was used as a basis for discussion on this subject. In his remarks, Mr. Saltsman suggested that the word "inventory" be substituted for the word "stockpile", in order to better reflect the intent of the resolution that a unilateral response, in certain circumstances, should not be excluded, and that two sections of the scheme should be amended so as to provide more flexibility for constructive action.

As a drafting committee was not appointed, Mr. Saltsman had to discuss his suggestions with the rapporteur, Mr. L. Pavitt of the United Kingdom, who was not ready to change the draft resolution as presented. After consulting his Canadian colleagues, Mr. Saltsman formally submitted amendments to the original resolution.

The chairman of the Committee asked Mr. Saltsman to explain the proposed amendments, after the rapporteur had begged the Committee to reject them, first of all because the word "stockpile" was apparently a term that was accepted by the United Nations. The Canadian amendments were carried by a clear majority vote and the draft resolution to be put to the vote, without debate, at the Paris conference is now entitled in English...

[*English*]

> Need for a world disaster inventory of food, medical and other supplies for the emergency relief of disaster victims anywhere in the world.

[*Translation*]

Then the Educational, Scientific and Cultural Committee considered two very important subjects.

At the Spring meeting of 1970, the Canadian delegate, Mr. John Reid, and Mr. M. Szczepanski of Poland were

selected as co-rapporteurs on the subject of political and cultural impact of television through satellites and the effects of mass media on the understanding and comprehension between nations, and they also drafted a report to be considered at the Spring meeting at Caracas. Two draft resolutions were submitted by Poland and the United States.

A drafting committee was selected, chaired by Mr. Reid, made up of delegates from Finland, the Federal Republic of West Germany, India, Poland, the United States and Venezuela. A subcommittee was set up consisting of Mr. Reid, Mr. J. S. Monaghan of the United States and Mr. M. Szczepanski of Poland who presented a draft resolution to the Drafting Committee.

The Drafting Committee amended the draft resolution which was then passed by the Committee and will be discussed at the Paris meeting next fall. Mr. Reid was elected as rapporteur on this matter.

Then Mr. Comeau, Progressive Conservative in the House of Commons, was our Canadian spokesman on the problems of human environment. He submitted a working paper as well as a draft resolution with regard to water pollution. A draft resolution on town-planning problems was introduced by Mr. Robert McClory of the United States. Another draft resolution was introduced by Mr. R. Said, of the United Arab Republic, recommending that a subcommittee be sent to the Stockholm Conference in 1972.

Following a general discussion, a Drafting sub-committee was appointed with Mrs. Hedwig Meerman, of the Federal Republic of West Germany, as chairman. The other members were Mr. Comeau, Mr. McClory and Mr. Said as well as delegates from Belgium, France and India.

It was afterwards decided to subdivide the question into three parts: (1) human establishments and urban environment (2) pollution of oceans by oil and (3) general organization agreements.

The resolution of the Drafting Committee was adopted as a whole and will be put to vote without debate at the Paris conference.

The Committee has chosen three rapporteurs for written reports at the Paris Conference: Mr. Comeau, Mr. Dua of Belgium and Mr. McClory of the United States.

Furthermore, this resolution will serve as the basis of a comprehensive study on the question at the next spring meeting of the Committee when the working papers and the resolutions to be submitted to the Stockholm conference will be known.

The Committee has also appointed a subcommittee which will be charged to represent the union at the Stockholm conference. The members of this committee include Mr. Comeau, Mr. André Dua from Belgium, Mr. Vaclav Skoda from Czechoslovakia, Mrs. Hedwig Meerman from the Federal Republic of West Germany, Mr. Kulgarni from India, Mr. R. Said from the United Arab Republic and Mr. Robert McClory from the United States. This subcommittee will be responsible for submitting a comprehensive resolution on this matter at the Sixtieth Interparliamentary Conference, which will be followed by a general debate in the fall of 1972.

The Committee on Non Independent Territories and Ethnical Matters studied the items on the agenda pertaining to the serious consequences for the peace and the security of certain sectors of Africa of the refusal for many years to grant independence to people under a colonial regime and also the racial discrimination policy, segregation and apartheid.

Tentative resolutions on this item were submitted by Israel, the Philippines, the U.S.S.R. and Yugoslavia.

During this general discussion, a delegate from Ghana proposed that the Interparliamentary Union send a delegation to South Africa in order to seek their approval for a plan devised by some African States for the calling of a meeting to discuss directly the problem with South Africa.

Mr. Saltsman made brief remarks during the debate to express his support of the Ghanaian plan as being a positive contribution toward the solution of a complex and extremely difficult, not to say explosive, problem.

A drafting committee, headed by Mr. Lorenzo Tanada, from the Philippine Islands, was set up and it included a delegate from Ghana, Israel, the United Arab Republic, the United States, the U.S.S.R. and Yugoslavia. The draft resolution will be discussed at the Paris conference.

Honourable senators, I apologize for making this statement which I know to be too lengthy and detailed. However, I did want you to hear it because I had the opportunity, while attending for the second time a conference of the Interparliamentary Union, to see how efficient the delegation of a given country could be. I say that not because I was a member of that delegation, but because I heard it stated by several delegates to the Caracas conference. Among others, the delegate of a very important country, whose name I will not mention, told me that two delegations only had worked without respite, namely, that of Canada and Rumania.

I felt I should make this comprehensive and very lengthy report to the Senate this evening in order to point out to my colleagues and to the Canadian people, I hope, the importance of delegations at the international level and the contribution which the delegates of our country can make to international meetings.

I seize this opportunity to thank my fellow delegates at Caracas for the support, co-operation and assistance they gave me at the conference. I must add that I was very happy to work with them and I can assure this house they were a credit to our country.

[*English*]

CRIMINAL CODE

USE OF BREATHALYZER—QUESTION

Hon. Jacques Flynn: Honourable senators, may I remind the Leader of the Government that on April 5 I

asked a question concerning the attitude of the Department of Justice towards the new section of the Criminal Code dealing with the use of the breathalyzer. I wonder if I may expect an answer one of these days?

Hon. Paul Martin: Honourable senators, as I told Senator Flynn a few days ago, I had hoped to have had word from the Minister of Justice about this matter before now so that I could have given a reply on Thursday last. I spoke to the Minister of Justice today. He told me he was preoccupied, that he is writing to me today. I hope I may be able to give some indication of the position tomorrow or on Thursday. I am sorry I do not have the reply now. I think the minister was depending on some replies from some of the provinces. These have not yet come in.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, Orders 1, 2, 4, 5, 6, 7 and 8 on the Order Paper stand. Since Order No. 3 stands also, may I say we had planned to proceed tonight on the assumption that it would go on. It may be that those senators who wish to take part desire to get further information on this bill.

With regard to Order No. 6, Senator Fergusson proposed to speak but is engaged this evening, along with other honourable senators, at a meeting of the Joint Committee on the Constitution.

I would remind honourable senators that three committees will be meeting tomorrow.

The Senate adjourned until Thursday, May 13, 1971, at 2 p.m.

THE SENATE

Thursday, May 13, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Crossman has been substituted for that of Mr. Prud'homme on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

PARLIAMENTARY RESTAURANT

JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. St. Pierre has been substituted for that of Mr. Gibson on the Joint Committee of the Senate and House of Commons on the Parliamentary Restaurant.

HON. A. HAMILTON MCDONALD

FELICITATIONS ON RETURN TO CHAMBER

Hon. Paul Martin: Honourable senators, I want to say how happy I am sure we all are to have Senator McDonald back in his seat.

Hon. Senators: Hear, hear!

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on the operation of the Regional Development Incentives Act and on "Special Area" incentives for the month of April 1971, pursuant to section 16 of the said Act, chapter 56, Statutes of Canada, 1968-69.

Copies of letters, dated May 7 and 12, 1971, addressed by the Prime Minister of Canada to the Premier of Quebec with respect to the Public Order (Temporary Measures) Act, 1970.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, May 12, 1971, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952.

TEXTILE AND CLOTHING BOARD BILL

REPORT OF COMMITTEE

Hon. John J. Connolly, for Hon. Mr. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-215, to establish the Textile and Clothing Board and to make certain amendments to other Acts in consequence thereof, and had directed that the bill be reported without amendment.

The Hon. the Speaker: When shall this bill be read the third time?

Hon. John J. Connolly moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

RULES OF THE SENATE

SUSPENSION OF RULE 28 FOR BALANCE OF SESSION

Hon. Hartland de M. Molson: Honourable senators, pursuant to Rule 3, which provides for the suspension of a rule without notice, I move, with leave of the Senate:

> That Rule 28, whereby a senator shall not speak twice to a question before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter, be suspended for the balance of the present session.

Honourable senators, this suggested change is a result of last night's meeting of the Committee on Standing Rules and Orders. It might have taken form in a report which will be coming from that committee, but that report will not be with us for another two or three weeks. As this particular motion deals with the suspension of and not an amendment to a rule, it was felt that it should be the subject of a separate substantive motion.

In the discussion last night, at which there were about 16 or 18 senators present, this particular suggestion was made by Senator Grosart. It was considered by all those present to be well taken for the reason that our debates in this chamber tend to be anything but controversial. There is frequently not more than one speaker on a subject at any given time.

As an afterthought it was mentioned by an honourable member that, because one is prevented from speaking more than once on a subject, some of our speeches tend to be a shade on the long side. It was felt that if this rule did not exist, that if a senator speaking to any question felt it was possible for him to come back at a later stage and add more observations, points or arguments to his

speech, then possibly this might enliven our debates and at the same time make for fuller explanations. Moreover, it would tend to make speeches a little less lengthy. Let me hasten to add that that last point was not intended to be taken too seriously; it was simply an observation by one member of the committee.

The suggestion was very well received and it was felt that it could do nothing to detract from the quality of our debates. In fact, it was felt that there was a strong possibility it would improve our debates, and that for the remaining weeks of this session it would be a worthwhile experiment. We are not committed to the elimination of this rule. The motion is merely to suspend Rule 28 for the balance of this session. For the record perhaps I should read to honourable senators the rule in question:

> 28. A senator shall not speak twice to a question before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter.

Honourable senators, I feel that this would be a worthwhile experiment, and I am happy to make the motion at this time.

Motion agreed to.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, May 18, 1971, at 8 o'clock in the evening.

Motion agreed to.

CRIMINAL CODE

USE OF BREATHALYZER—QUESTION ANSWERED

Hon. Paul Martin: Honourable senators, Senator Flynn some weeks ago asked through me a question of the Government regarding the use of the breathalyzer. I told him the day before yesterday that I hoped to be in a position to give him a reply. Now on behalf of the Government I can say that the Government is aware of the reported decisions on the various aspects of the "drinking and driving" amendments to the Criminal Code that were made by the Criminal Law Amendment Act 1968-69. The results which the courts have reached in these reported cases do not indicate that any amendment to the legislation is either necessary or desirable. This is also the view of the Minister of Justice with whom I had an opportunity of talking this morning.

The article in the *Quebec Bar Review* to which Senator Flynn referred gave particular consideration to two decisions by Judge Fortin of the Court of the Sessions of the Peace in Quebec. Neither of these cases involved a charge under section 224 of the Criminal Code which makes it a summary conviction offence for a person to drive or have care or control of a motor vehicle when his blood alcohol level exceeds 80 milligrams of alcohol in 100 millilitres of blood. It is not an ingredient of that offence that the Crown must prove that the ability of that particular driver to drive his vehicle was at the time impaired by alcohol.

Both cases referred to in the article involve charges under section 222 of the Criminal Code, namely, driving while impaired, and in both cases the judge, adopting the traditional view of the courts in cases of this sort, concluded that proof of the blood alcohol content of the driver, in each case exceeding 80 milligrams per 100 millilitres was not, by itself, sufficient to establish that the driver's ability was impaired by alcohol; and that the Crown must corroborate or support such evidence by adducing other evidence to show that the faculties of the accused are affected to the extent that his ability to drive is impaired.

The reliability of the Borkenstein Breathalyzer is supported by experienced forensic scientists. The police officers who are responsible for the administration of the breath tests on this machine are given the necessary training in the proper operation of the instrument and, in accordance with the legislation, may be required to attend for cross-examination by the accused or his counsel. In the course of such cross-examination, the accused or his counsel has the opportunity of eliciting evidence as to the occurrence of either human or mechanical errors.

COMBINES INVESTIGATION ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, May 5, the adjourned debate on the motion of Hon. Mr. Benidickson for second reading of Bill S-17, to amend the Combines Investigation Act.

Hon. L. P. Beaubien: Honourable senators, as the sponsor of Bill S-17 explained, the notes in the bill are very clear and full, and Senator Benidickson's remarks were also very clear and to the point. Therefore I would like to proceed to the three subjects in the bill on which I wish to speak.

Senator Benidickson mentioned the great progress that had been made by the Bank of America, which he attributed to competition. When the Standing Senate Committee on Banking, Trade and Commerce studied the review of the Bank Act a few years ago, consideration was given to the American system of banking. I for one was quite amazed to discover that in many states branches are not allowed, with the result that often a small town will have one bank only. A man with a growing business wishing to raise a little capital to expand has only one place to go. If his chief competitor happens to be a director of that bank he can be in difficulty.

In that regard I consider our banking system to be second to none. This is pretty easy to prove. All I have to do is ask honourable senators, no matter where they come from, how many banks are within striking distance of where they live? In the Province of Quebec there are often seven chartered banks to which one may turn.

Even in a small town you often find four banks facing each other on a corner. Surely there is no place in the world where, if you have a good story to tell, you can speak to so many bank managers by walking so few steps. This great competition tends to make everything more uniform. It is almost inconceivable to imagine one bank charging a certain rate per cheque if another bank were to charge a smaller rate.

This situation does not seem to hold good in the United States. For instance, the Chase Manhattan Bank charges 10 cents per cheque plus a flat charge of 75 cents per month. To cash 10 cheques it cost $1 plus a flat charge of 75 cents, totalling $1.75. The First National City Bank charges 15 cents per cheque, but its flat rate is 25 cents. To cash 10 cheques there it cost $1.50 plus 25 cents flat charge, totalling $1.75. Since the first of April, as Senator Benidickson pointed out, the charge in all our banks has been $1.40.

Hon. Mr. Connolly (Ottawa West): A flat rate.

Hon. Mr. Beaubien: No, it is 14 cents per cheque here, which is $1.40 for 10 cheques.

Honourable senators, let us return to the uniform rate charged by our banks. How could we really in our system have one bank charge 11 cents and another 14 cents? Could you imagine how the manager of a branch of the Canadian Imperial Bank of Commerce would feel if he had to explain to a good, sensible businessman such as Senator Isnor that his bank would charge him 14 cents per cheque if at the same time both the senator and the bank manager knew that the Bank of Nova Scotia was charging only 11 cents? We have to admit that in our system only one rate can be charged. That being the case, we should consider whether the amount charged here is excessive. In this respect I will quote a few figures in connection with the earnings of the banks.

Before doing so, however, I wish to refer to page 968 of *Hansard* for May 5, when Senator Benidickson spoke to this bill. He said he looked over the records for the last six years and stated that the Bank of Montreal had not increased its capital. That statement is false. On February 14, 1969, the Bank of Montreal gave its shareholders the privilege of subscribing to one new share at $12 a share for every eight shares held. The offer, of course, was successful, and in sound figures the bank sold 3,700,000 new shares and therefore increased its capital by $44 million. This year the Banque Canadienne Nationale issued $10 million worth of stock, the Royal Bank issued $75 million in notes, and the Bank of Nova Scotia issued $25 million.

Hon. Mr. Benidickson: That is since the period I referred to.

Hon. Mr. Beaubien: In the same paragraph Senator Benidickson brought to our attention the fact that the earnings of the Canadian Imperial Bank of Commerce were $24 million in 1966 and $43 million in 1970. In a way, comparing the earnings in 1966 with the earnings in 1970 is a little like comparing apples and oranges. You will remember that in the revision of the Bank Act the big change between the old and the new acts was simply that the new act allowed the banks to write off a very much smaller amount to be held as a reserve against future losses, which therefore had the effect of making bank profits seem excessive.

Let me say this to give you an idea of what I mean. Last year the International Nickel Company earned an after tax profit of $208 million. That is exactly $35 million more than the combined after tax profits of the seven chartered banks. Last year Imperial Oil earned $105 million, which is exactly $5 million more than the combined earnings of the Royal Bank, the Bank of Montreal and the Bank of Nova Scotia.

Let us look at it another way. Take the $43 million earnings of the Canadian Imperial Bank of Commerce, about which Senator Benidickson referred to, and divide that profit by the bank's 1,496 branches. I was amazed when I saw that the bank earned only $29,000 on average per branch. With the going wages two good plumbers and one plumber's assistant can, if they want to work, earn $29,000 a year. I think that figure for the bank is extremely low. If the combined profits of all chartered banks is divided by the total number of their branches, the answer works out to about the same figure, $29,000 a branch. When we think of how important our banking system is, and how bad it would be for the economy if our banks began to think they did not have enough flesh on their bones and were not ready to take any risk in making loans, the result would be very bad for the economy of our country.

Senator Benidickson referred to the fact that in 1970 the Prices and Incomes Commission appealed to the banks not to increase their charges. What Senator Benidickson did not tell us was that in November 1970, for the first time in a hundred years the banks abolished what I call the exchange charge on cheques. If a senator paid a bill in Ottawa with a cheque drawn on a Toronto bank, the bank made a charge because it had to transfer the funds to Ottawa from Toronto. These exchange charges were paid by individuals and small businesses. Big businesses, big firms and corporations have always had their cheques marked "Payable at any branch of this bank in Canada", and therefore did not pay this charge.

Every now and again I do business with a general store in Frelighsburg.

Hon. Mr. Molson: Where?

Hon. Mr. Beaubien: Frelighsburg. The storekeeper does business with people in Cowansville, Dunham, Pigeon Hill, Bedford, and other places. He received cheques from these different people and had to pay exchange when he deposited them. Again, when he bought supplies in Montreal there was another exchange charge. The abolition of this exchange charge is very important. Not only does it save many people money, but it simplifies bookkeeping.

Last Thursday I telephoned the president of the Royal Bank and asked him how much the abolition of that exchange charge would cost the banks. He told me that in a year it would cost the banks $35 million in lost revenue. I then asked how much he calculated the increase of a couple of cents in the per cheque charge in

chequing accounts would cost the customers of all the chartered banks, and he said $23 million a year. It will be appreciated from this that we are looking at a picture very different from the one Senator Benidickson painted. Compared to a year ago, the consumer is paying $12 million less a year, or $1 million a month. The $12 million a year will reduce the combined earnings of the banks, which were a mere $173 million, and I think it is a pretty handsome effort on the part of the banks to combat inflation.

I remind honourable senators that by far the biggest shareholders of our banks are the pension funds, life insurance companies and mutual funds. Invested in these institutions are the savings of all our hard working Canadians, and in great measure it is from the dividends from these shares that a lot of the funds are available to pay the pensions to which the workers will be entitled when they retire. Once it is realized that the Senate does not have to defend the consumer, because the consumer is a lot better off than he was last year, then the reason for passing this bill disappears. I ask honourable senators to join with me and vote against this amendment to the Combines Investigation Act.

On motion of Hon. Mr. McDonald, for Hon. Mr. Hayden, debate adjourned.

COUNCIL OF EUROPE

CONSULTATIVE ASSEMBLY MEETINGS IN STRASBOURG, FRANCE, 1971—DEBATE CONCLUDED

The Senate resumed from Tuesday, May 4, the adjourned debate on the inquiry of Hon. Mr. Molson, calling the attention of the Senate to the debate on development co-operation at the Consultative Assembly of the Council of Europe, in Strasbourg, France, on 26th January, 1971, and in particular to the participation therein of the delegation from the Parliament of Canada.

Hon. Paul Martin: Honourable senators, we are grateful to Senator Molson who, on Tuesday of last week, reported on the recent meeting of the Consultative Assembly of the Council of Europe, which was held on January 26, 1971, in Strasbourg.

Senator Molson was a member of the Canadian delegation. His report was informative. I am sure he represented Canada at that meeting with great distinction, together with two colleagues from the other place.

Senator Molson told us that the subject of the debate in which he participated had to do with the problem of aid to developing countries. On behalf of the Government, I should like to make some comments on Senator Molson's able speech and on his comments concerning a number of points which emerged at the meeting in Strasbourg, and which vitally involve the policy of the Government of Canada. Senator Molson, speaking on the problems of development assistance in relation to six points, mentioned as the first point that it was imperative that countries approach the target of 0.7 per cent of GNP as a measure of government aid, and that the target of one per cent of GNP as a measure of total annual transfers be achieved.

As Senator Molson indicated, the 1970 percentage figure of Canada's official development assistance was 0.43 per cent of GNP. It is worth nothing that this represented a considerable advance over the 1969 figure of 0.34 per cent.

In its Foreign Policy Review the Government stated, a few months ago, that it was its intention to increase the amount of funds allocated to development assistance as well as to try to increase each year, from now on, the proportion of the national income allocated to official development assistance. As part of the strategy for the second development decade, Canada accepted both the volume targets, that is, 0.7 per cent of GNP for official development assistance and one per cent of GNP for total assistance, without specifying a particular date for their achievement.

I do not believe that this was in principle inconsistent with my statement of objectives when I was Secretary of State for External Affairs.

Canada has given and is continuing to give particular priority to increases in official development assistance, which is provided on concessional terms and is directly related to developmental purposes. The review of Canadian development assistance policy undertaken in 1969-70 by my colleague Mr. Sharp, indicated, as did the report of the Commission on International Development, headed by the Right Hon. Mr. Pearson, that on the whole developing countries can utilize as much assistance as donor countries can make available if it is provided under terms and conditions which are not unduly restrictive or burdensome. Canada's development assistance program has historically been provided on very soft financial terms, both in the form of grants and long-term development loans. The Government feels that these terms will help reduce the debt burden of recipient countries and increase the real value of our assistance to them.

The flow of Canadian private capital abroad has traditionally been small, even though the private sector has played an important part in the development process. With this in mind, the Government has announced its intention to place greater emphasis on support of the activities of the private sector which contribute to international development. As one aspect of its policy in this sphere, the Government announced last year that support for non-governmental organizations engaged in international development would be increased over the next five years. This has been reflected in the significant rise in the allocations planned for the non-governmental organizations program in 1971-72. A program of investment incentives has also been launched to stimulate larger private flows by offering assistance for starter studies and feasibility surveys. The early response to this initiative from Canadian firms, who are now exploring possibilities in developing countries, has been encouraging.

The second point which Senator Molson mentioned, and on which he commented, was that a new strategy for aid should be developed, in order to deal more effectively with the problem that confronts countries like Canada

which give a percentage of their treasure to assist underdeveloped lands.

The Government regards the economic and social development of the less developed countries as a primary objective of our development assistance program. Our negotiations and consultations with recipient countries for the financial support of specific projects are based on this fundamental objective.

In the last two years we have undertaken an intensive re-examination of the effectiveness of present aid policies, and a search for new ways of improving the quality and increasing the quantity of aid has taken place both within the United Nations family of organizations and among individual donor countries like our own. It may be that the strategy of the second development decade of the United Nations and the work of the Pearson Commission are two of the most far-reaching indications of the interest and energy which has been devoted to seeking new ways of achieving development goals. There have also been several studies focused on more specific areas, such as the Jackson Capacity Study on the effectiveness of the United Nations development program. I should say, by way of parenthesis, that I have examined all these reports because of my interest in these matters. I think that the Jackson report is one of the most outstanding. I strongly recommend it for the consideration of those who are interested in this subject.

National studies have included our own foreign policy review and the Peterson Commission Report in the United States. These are good signs of a time of rededication to development objectives toward which we are all striving. This is the objective that Senator Molson placed before us. I admit that much must be done to meet that objective, but at any rate the situation is not one to be characterized as official inactivity.

In the Canadian context we are concerned about the problems of redefining and redirecting our program to fit the expressed development needs of the developing countries in the 1970s. A series of measures outlined in the foreign policy review are designed to provide greater flexibility for the Canadian program to meet new challenges in international development. In a statement before the International Development Assistance Subcommittee of the Commons Standing Committee on External Affairs and Defence, the president of CIDA outlined, as the agency's priorities for the 1970s, five major areas in which further advances could be made. They were: first, taking fuller account of the local and social impact of Canadian assistance. Second, placing further emphasis on multilateral assistance and co-operating in international moves to make the terms of aid more liberal. Third, putting greater impetus behind assistance to Francophone Africa and Latin America. Fourth, speeding up the progress of projects in general. This, by the way, was one of the points recommended to the Senate by the Standing Senate Committee on Foreign Affairs when it made its study of Canada-Caribbean relations last year. Fifth, stimulating the interest and involvement of the Canadian people in international development.

The president emphasized the need for a broad social, as well as economic, orientation of the Canadian program, since it is widely acknowledged that the 1960s witnessed a concentration on economic development and growth rates with too little account having been taken of the social development of the people affected.

In this area the Canadian Government believes that research can make an important contribution to the establishment and achievement of realistic development objectives. Senator Molson has referred to the Government's initiative in establishing the International Development Research Centre. Through this medium Canada hopes to make a contribution to international development by applying and adapting science and technology to the needs of the less developed countries.

Everyone, he said, would no doubt agree that our motivation should be to orient assistance programs to the requirements of developing countries. The real problem, however, as I see it, has always been to translate this motivation into practice. There is an increasing recognition that the success of development efforts depends on a real partnership between developed and developing countries, to borrow Mr. Pearson's phrase, in order to achieve effective development results.

Educational assistance should be changed to emphasize the more practical and vocational training aspects of the program. There has been an increasing recognition that educational assistance in the past has been to some extent seriously and sadly misdirected because of a concentration on academic subjects. The Canadian technical assistance program for many years has included technical and vocational training, as well as academic training. It should be recalled that developing countries have seen a need to build up a structure of high schools, teacher training colleges and universities to which need Canada and other countries have responded. To have argued during the 1950s and 1960s that a newly independent country should not, say, have a university at all but should put its funds into vocational training would have been interpreted as asking them to remain second-class citizens in the world. The brightest, anyway, would probably have found their way overseas, and the result would have been to perpetuate undergraduate studies overseas, which are being reduced in favour of encouraging studies at home or in the region. On top of this, there was no doubt operating a "white collar" syndrome in which the young people of the less developed countries believed the road to personal advancement lay through obtaining academic qualifications, taking this lead from the colonial administrators they had known.

A change of attitude in the less developed countries was therefore necessary to modify this emphasis. It is now taking place, even though spottily. Canada has in turn been helping to fulfil these expressed needs. One example is the assistance Canada has given in this area since the early 1960s, for instance, to the Accra Technical Trades Training Centre in Ghana, worth nearly $2 million in buildings and technical assistance. Another illustration of this trend is seen in the increasing number of students from the less developed countries who are

studying in technical and other than academic fields. About 50 per cent of the 2,600 students who studied in Canada under CIDA auspices in 1970 were in this category.

A further illustration is the fact that about 80 per cent of newly recruited Canadian educators whom CIDA will be sending to developing countries in the Caribbean and Commonwealth Africa for the academic session 1971-72 will be instructors of technical and vocational subjects.

He made the point that there should be greater multilateral aid and less bilateral aid and particularly less tied aid. Canada has been a strong supporter of the role of multilateral institutions in international development. In fact, the proportion of our multilateral aid has for some time been approximately twice that of the average for countries that come under the DAC category for examination by the OECD. In figures as a proportion of Canadian appropriations the amount given in multilateral contributions stood at 21.6 per cent in 1969-70. In line with the Foreign Policy Review, the proportion will increase in 1971-72 to approximately 25 per cent of our official development assistance. In the Canadian view, the channelling of aid through multilateral organizations presents a challenging opportunity for developed and developing countries acting co-operatively to increase the effectiveness of the whole framework of international institutions. It is for this reason that Canada participated actively in co-operation with other countries to work out ways in which the capacity of the UN system might be enhanced.

Canada recognizes that untying can make a valuable contribution to improving the quality of aid. The Foreign Policy Review addressed itself to this question, and authority was granted to CIDA to implement measures which would have the effect of untying approximately half of Canada's program of official development assistance. These measures include authority to untie 20 per cent of total bilateral allocations and to pay shipping costs, together with the channelling of up to 25 per cent of the Canadian program through multilateral institutions.

I recognize that the Standing Senate Committee on Foreign Affairs had something to say about this point and made certain recommendations. As I think I indicated on an earlier occasion, the Government considered the recommendations made by that committee as well as those from other bodies. The point was made that there should be greater effort to provide tariff-free or low-tariff markets for products of developing countries.

After the United Nations Co-operation, Trade and Development Conference in New Delhi in 1968, strong moves were set in train to work out a general preference scheme by which the manufactured and semi-manufactured goods of less developed countries could enjoy a preferential entry into the markets of industrialized countries. There were problems in harmonizing the different offers made, partly because certain industrialized countries like our own had particular preference arrangements already established with a group of less developed countries within the Commonwealth. But in 1970 a first round of this exercise was concluded and Canada's offer was announced last September. It would reduce by at least one-third the tariffs on most manufactured and semi-manufactured goods that had been liable to the most-favoured-nation rate, and offer duty free access to many other such products. In addition, it would remove tariffs from a selected list of agricultural products of special interest to developing countries.

We are indebted to Senator Molson for attending this conference, for accepting an invitation to represent the Senate, together with two members from the other place. In the report he gave, he was able to convey the nature of the discussion and to raise points which were intelligently put forward and to which I have endeavoured to give some official response. Senator Molson also reminded us when he spoke that we had recently received the President of the Consultative Assembly of the Council of Europe along with some of his colleagues. They were here in March, I think. Most of us had an opportunity at that time of meeting them and exchanging views. In fact, views were exchanged about the matters which we have been discussing today.

Canada is investing a little less than $400 million in funds to assist the underdeveloped countries of the world. This represents a considerable program. That being the case and even though it is not an objective that meets the requests or the demands of many, it is an expanding program. Nevertheless, this amount of money does impose on Parliament the obligation to know what is being done, to scrutinize what is being undertaken, to determine whether the administration of such a very important program is being conducted along lines that meet the intention of Parliament. Because he directed his mind to this important task, I should like to say to Senator Molson that we are indeed grateful to him for his report. I am happy on behalf of the Government to be able to make these responses to him.

CRIMINAL CODE (JURY SERVICE FOR WOMEN)

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Muriel McQ. Fergusson moved the second reading of Bill S-20, to amend the Criminal Code.

She said: Honourable senators, had it not been for the fact that during the past month I have been absent from this chamber a great deal in order to attend, in Ottawa and elsewhere, important meetings of the Joint Committee of the Senate and the House of Commons on the Constitution, I would have arranged to move second reading of this bill long before this.

Honourable senators will recall that on March 23 I explained in some detail why I believe that women should be eligible and liable for jury service on the same basis as men. As you will remember, I pointed out then that in view of head 27 of section 91 of the British North America Act, it appeared to me that the Parliament of Canada was competent to pass such legislation insofar as

juries in criminal cases are concerned. I asked the Government for a reference under section 55 of the Supreme Court Act to determine if my assumption is correct that section 534(1) of the Criminal Code gives the Parliament of Canada the right to spell out the qualifications of jurors in criminal cases and also if it is correct that the section is *intra vires*. I further asked that an inquiry be made of the Supreme Court for a ruling as to whether it is within the legislative competence of the Parliament of Canada to make a provision in the code stating that women throughout Canada are eligible for jury service in criminal cases.

On March 30 Senator Martin, replying for the Government, stated he had discussed the matter with the law officers of the Crown and had learned that in their opinion Parliament could repeal section 534(1) and legislate in relation to the qualifications of jurors in criminal cases without reference to provincial legislation. Senator Martin said that on further research he had been unable to find any contrary views. On the other hand, he quoted additional authorities I had not mentioned which support this view. Under the circumstances, I did not feel that any useful purpose would be served if I insisted on having the matter referred to the Supreme Court for a ruling and I withdrew my request.

Although the competency of the Canadian Parliament to take action to make women eligible for jury service on the same basis as men would seem to be unquestionable, Senator Martin was not able to state what the future policy of the federal Government will be in this matter. He told us that it is to be placed on the agenda of the Conference of Commissioners on Uniformity of Legislation in Canada. On inquiry I find that in regard to criminal law this conference is composed of the Deputy Attorneys General of the provinces and the Deputy Attorney General of Canada, or their representatives. I understand that this conference is only advisory and has no authority whatever. I am sorry to say that on thinking this over I was not too encouraged by this information in view of the fact that sometimes a great deal of time has elapsed before any action has been taken regarding other matters which in the past have been referred to the same conference.

In his reply, Senator Martin said he presumed the purpose of putting this item on the conference agenda was to see whether there could be a joint recommendation on the policy side which might be of value to the Minister of Justice.

Honourable senators, it seems really incomprehensible that Canada's Minister of Justice should need such advice from the Attorneys General of the provinces regarding a matter over which, according to the opinion of the law officers of the Crown and other authorities, the federal Government has exclusive jurisdiction and control, and concerning which it is bound to act if it is to comply with commitments made in 1957 when Canada ratified the United Nations Convention on the Political Rights of Women, and concerning which it is bound to act if it is to comply with our own Bill of Rights passed in 1960.

I am well aware that when Canada acceded to the United Nations Convention on the Political Rights of Women, this reservation was included:

> Inasmuch as under the Canadian constitutional system legislative jurisdiction in respect of political rights is divided between the provinces and the federal Government, the Government of Canada is obliged, in acceding to this convention to make a reservation in respect of rights within the legislative jurisdiction of the provinces.

Honourable senators, I contend that this reservation is in respect of rights which are not within the legislative jurisdiction of the provinces. The right to pass legislation regarding the eligibility of persons to serve on juries in a criminal case is not a right within the jurisdiction of the provinces but is a right assigned to the federal Parliament under the British North America Act, and the reservation made by Canada when she acceded to the convention does not apply to legislation over which the Parliament of Canada has exclusive jurisdiction. Having signed the convention, I contend that Canada is bound to act in matters over which the Parliament of Canada has exclusive jurisdiction.

This is a very simple bill, the sole purpose of which is to ensure that in respect of jury service in criminal cases throughout Canada women will in all respects be equal with men. I do not propose to repeat the arguments I made in this chamber on March 23, when I attempted to show that when women have acted on juries they have been recognized as being very satisfactory.

Hon. Mr. Martin: Hear, hear!

Hon. Mrs. Fergusson: If honourable senators are interested, those arguments will be found on pages 743 and 744 of the Senate *Hansard* of March 23. However, when I spoke on that occasion I had intended to refer at greater length to the experience in my own Province of New Brunswick. In 1963 when the matter of jury service for women in the Northwest Territories was under discussion in this chamber, I wrote to a friend in New Brunswick, Miss Marion Stirling, who was the first woman to act as a juror in a murder trial in that province. I asked her if in view of her experience she thought there was any validity in the arguments put forward regarding jury service for women in the Northwest Territories, that women were too emotional, that having women on juries would cause great additional inconvenience and expense. In my letter to Miss Stirling I had said that I considered barring women from jury service was discrimination. She replied as follows:

> I agree with you it is discrimination against women. From my experience I found the men on the jury respected my ideas and thoughts and treated me as one of themselves.
>
> My emotions had nothing to do with the case and my decision was reached from the evidence presented.

> There was no inconvenience as far as living was concerned. I had my own room and was put on my honour that I would not communicate with the outside in any way. There was no need for a matron as my room was close to the others. I spent most of my waking hours with the men.

This was a case where a young boy was being tried for murder. She went on to say:

> I do know the boy's family were very pleased that I was on the jury and thanked me for serving. They said they felt I would be fair. The defence and prosecuting lawyers were also pleased and told me the juries needed women. I feel there is definitely a place for women on a jury. They are good balance and can take it as well as a man.

I agree with Miss Stirling. Honourable senators, I recommend this bill for your favourable consideration. If it receives second reading in this chamber I will ask that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Mr. Choquette: I should like to ask Senator Fergusson if she has a list of the categories of people who are excluded from jury duty? I think that judges, lawyers and a certain category of people are excluded. Most women are housewives, and they might be excluded because they have other duties to perform.

Hon. Mrs. Fergusson: I do not have the list with me, senator.

Hon. Lionel Choquette: Honourable senators, may I, as a practicing lawyer of some 39 years' experience, say a few words?

Hon. Mr. Martin: We are always glad to hear you on any subject.

Hon. Mr. Choquette: Thank you.

Unless some degree of discrimination against the fair sex can be seen in the absence of women from juries, I cannot understand why women would be anxious to sit on them. That is my sincere opinion. It has been my experience that when people are called upon to sit on juries they converge on the office of the sheriff and ask to be excused for some reason or other. The usual answer of the sheriff is that if he were to accede to all requests made on him when juries are called he would not have enough people on the panel, and perhaps not enough people to constitute a petit jury.

Allow me to tell you of some sad experiences I have had in my practice. I was fortunate—or unfortunate—some years ago in appearing in a jury trial concerning an automobile accident, where five of the 12 jurors were women. These women were very sympathetic toward my client, who was the father of a large family and who had met with a terrible accident. Surely we should not expect these people to digest within one hour a course in negligence, contributory or otherwise, which takes the usual law student three or four years to digest. The result of this was that those five women sitting on the jury used to go home at night and tell their husbands what a poor man the plaintiff was, and how disabled he would be for the rest of his days. They were going to be very generous with him.

On the third day the case ended at noon, and the newspapers were published some time between two and two-thirty. One of the women went home and told her husband they had been very generous to this poor, unfortunate man and awarded him $11,000. The husband replied, "Well, that is not what the afternoon paper says. It says that the case was dismissed, and that you allotted $11,000 to this man as the damages to which he should be entitled, but that you found no negligence on the part of the defendant." Those ladies were flabbergasted. They ran to the county court judge at Ottawa and said, "We have made a terrible mistake; we intended to give this man $11,000 and he gets nothing." The county court judge advised them that he had nothing to do with it, that the trial judge was from the Supreme Court of Ontario and had returned to Toronto.

I had to obtain affidavits from each of those people, and take them to the Court of Appeal. I was told that the court would never go beyond the deliberations of a jury or into the room where it deliberates. I took the case *in forma pauperis* to the Supreme Court of Canada, and again was told that that court would not even consider the affidavits.

These women said that although they were very sympathetic to this man's cause, the reason they did not find any negligence on the part of the defendant was that they knew that if he did not carry insurance at least the Government of Ontario would pay from the Unsatisfied Judgment Fund. They also said that two or three of the five women thought that if they said that that poor man, the defendant, was negligent, the police who were testifying concerning the facts of the accident would arrest him and put him in jail.

I am not putting all the blame on the women; I am just saying that most of them in their declarations showed that they had been governed by sentiment. I am against the jury system; it is archaic. Instead of women insisting that they be allowed to sit on juries, the whole system should be abolished, in both criminal and civil cases.

Those jurors made a second mistake. The judge had asked them the amount of damages they would allot, and how they would apportion the negligence. In their own minds they had decided that my client should be entitled to $22,000, but that the driver of the vehicle should be found 50 per cent negligent. Instead of telling the judge that they had assessed the damages at $22,000, which he would have apportioned to $11,000, they told him they assessed them at $11,000, and their finding of 50:50 negligence required him to halve that amount.

That is the type of irreparable damage which can be caused by jurors. I have been involved in several similar cases. I know of a juror who, during the luncheon adjournment of the court, visited the scene of the accident in question, which involved a bus. The judge had told the jury they did not have to concern themselves with the scene of the accident, or the way in which the

bus had turned, and had given them directions as to what they should consider and weigh. Yet after the verdict a juror came to me and said "Boy, are you lucky that you had me on that jury. During the lunch hour I went over to see a bus turning at the scene of the accident, and found that it was a terrible place to turn."

These are some of the reasons why I am against the jury system, and why I think it should be abolished. Why women should insist on participating in such archaic institutions as juries is beyond me. It is almost suffragist to say, "This is discrimination; we want to sit on juries". I think women should stay away from them, because their duties as housewives should be given priority.

Hon. Mr. Willis: Honourable senators, I am opposed to my colleague; I am in favour of juries. The most favourable results I have had from juries have been from juries composed of men and women. Sometimes the most intelligent members of a jury panel are women. God bless them. I hope we keep them on juries.

Hon. Mr. Martin: There is division in the camp. I hope that Senator Choquette and Senator Fergusson can have tea together today and compose their differences.

On motion of Hon. Mr. McDonald, for Hon. Mr. Croll, debate adjourned.

NORTHERN OIL AND GAS

GOVERNMENT TRANSPORTATION STUDY URGED—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, seconded by the Honourable Senator McDonald:

That this House opposes the Trans-Alaskan pipeline and tanker project and urges the Government to proceed with the various economical and ecological feasibility studies of alternate routes and to report from time to time upon the most appropriate steps that in the Government's opinion may from time to time be taken to accomplish the prudent and efficient transportation of northern oil and gas. (Honourable Senator Langlois).

Hon. Mr. Martin: Honourable senators, we had intended to proceed with this item, but Senator Argue cannot be here because he is engaged on official business. I ask, therefore, that the order stand.

Order stands.

The Senate adjourned until Tuesday, May 18, 1971, at 8 p.m.

23351—63

THE SENATE

Tuesday, May 18, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on operations under Part II of the Export Credits Insurance Act for the fiscal year ended March 31, 1971, pursuant to section 27 of the said Act, chapter 105, R.S.C., 1952.

Report of the Department of External Affairs for the year ended December 31, 1970, pursuant to section 6 of the Department of External Affairs Act, chapter 68, R.S.C., 1952.

Report of The St. Lawrence Seaway Authority, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1970, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1970, pursuant to section 32 of the National Harbours Board Act, chapter 187, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Capital Budget of the National Harbours Board for the year ending December 31, 1971, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, together with copy of Order in Council P.C. 1971-617, dated March 30, 1971, approving same.

STATUTORY INSTRUMENTS BILL

REPORT OF COMMITTEE

Hon. Earl W. Urquhart, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-182, to provide for the examination, publication and scrutiny of regulations and other statutory instruments, and had directed that the bill be reported without amendment.

MOTION FOR THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Urquhart: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

The Hon. the Speaker: Honourable senators, with leave of the Senate, it is moved by Senator Urquhart, seconded by Senator Cook, that this bill be read the third time now. It is your pleasure to adopt the motion?

Hon. Mr. Molson: Explain. What is the hurry?

Hon. Mr. Urquhart: Honourable senators, there are a few remarks which I should like to make relating to Bill C-182. That is why I thought it might be convenient if we had leave to move the third reading of the bill tonight. Then, if any honourable senator so wished he could move the adjournment of the debate and have third reading tomorrow.

Under the provisions of Bill C-182, whereby a review of statutory instruments, regulations and delegated powers will be undertaken by a committee of Parliament, we have a venture never undertaken before. Parliament is therefore breaking new ground in this respect.

It should be pointed out that under the present Regulations Act, which would be replaced by the Statutory Instruments bill—

Hon. Mr. Haig: Honourable senators, may I interrupt the honourable member? He is presenting a report of a committee. We approve of that report. Is that not right?

The Hon. the Speaker: Honourable Senator Urquhart tabled a report of a committee, reporting without amendment the study of the bill after second reading. This is the reason I immediately asked when third reading was to take place. Senator Urquhart asked for leave that third reading take place now. Therefore, I put the question with respect to third reading and we are right now on third reading of this bill.

Hon. Mr. Haig: Then, has he moved third reading?

The Hon. the Speaker: Yes, he has.

Hon. Mr. Grosart: On a point of order, Mr. Speaker. Some of us on this side said "Explain", which was to ask the honourable senator to explain why he wishes third reading before we are asked to grant leave.

The Hon. the Speaker: I regret that I did not hear that remark from any honourable senator. Honourable Senator Urquhart now has the floor, and it may be that he would give the explanation asked for.

Hon. Mr. Croll: Mr. Speaker, I do not think Senator Urquhart has the consent of the Senate for third reading now. With respect, I think the matter has to stand until tomorrow.

Hon. Hartland de M. Molson: Honourable senators, may I draw your attention to Rule 78 (4) which reads:

> When a committee reports a bill without amendment, such report shall stand adopted without any

motion, and the senator in charge of the bill shall move that it be read a third time on a future day.

Hon. Mr. Fournier (De Lanaudière): But that is without leave.

The Hon. the Speaker: Honourable senators, if I remember correctly, honourable Senator Urquhart asked for leave although he did not cite Rule 45(1)(b) which would apply here. That rule says:

45(1) One day's notice shall be given of any of the following motions:

.....

(b) for the third reading of a bill;

Perhaps this is what has caused the misunderstanding. I am not too sure as to what I should do in these circumstances.

Hon. Mr. Fournier (De Lanaudière): May I point out that the Senate, as well as the House of Commons, is master of its own procedures. When a senator asks leave to do something and permission is granted, notwithstanding any rule, then the situation is covered. However, if there is an objection which means that there is not unanimous consent, then third reading can take place the next day.

Hon. Mr. Choquette: That is the situation now.

Hon. Mr. Urquhart: But, honourable senators, we did have leave for third reading. There was no objection raised.

Hon. Mr. Flynn: Senator Molson has explained that before granting leave he wanted to have an explanation.

Hon. Mr. Urquhart: Honourable senators, I said that there were a few comments that I should like to make and that when I had done so any honourable senator who chose to do so could adjourn the debate until tomorrow. If any honourable senator objects to third reading at this stage, then he should have made that objection when the motion was put by His Honour the Speaker.

Hon. Mr. Grosart: Which was done.

Hon. Mr. Urquhart: Which was not done.

Hon. Mr. Flynn: You mean the motion was not put.

Hon. Mr. Urquhart: The motion was put by His Honour and no one objected. I know the rules as well as any one of you. I have been in Parliament—in fact, I have been an elected member of Parliament longer than many of you.

Hon. Mr. Flynn: I do not want to get into a fight with the honourable senator, for whom I have the greatest respect, and as far as I am concerned I am willing to give him leave.

Hon. Mr. Urquhart: I do not like quibbling about nothing.

Hon. Mr. Flynn: I am not quibbling. I am saying that I would give the honourable senator leave to proceed with third reading. I am trying to untangle the situation that has arisen. His Honour said, "With leave" and Senator Molson said, "Explain". No leave was granted, and so the question was not regularly put at that time. Senator Urquhart having given his explanation, if it was not satisfactory to Senator Molson, I think that His Honour should have asked, "Is it agreed that Senator Urquhart has leave to proceed?" The question should have been put again. It was not. I suggest we now are at the stage when His Honour should ask whether you have leave to proceed with third reading. If you have not, it will not be anyone's fault; the rules are there.

Hon. Mr. Grosart: In explanation of the position I took on the point of order, honourable senators, when Senator Urquhart asked for leave to proceed with third reading some of us on this side said, "Explain". The reason is that we think we have the right to ask any senator to explain why he wants to suspend the rules. It is that simple.

All I was asking was for Senator Urquhart to say why it was urgent that we suspend our rules so that we can have third reading this evening. Had he given a reason that made sense, there would have been no problem. Our rules formerly required this, and this whole matter was discussed in the Rules Committee. It is an important point, I suggest, when leave is asked, that any senator be in a position to ask why we should suspend our rules in a particular case. That is the whole point. Nobody that I know of was attempting to prevent the honourable senator from proceeding to third reading. We merely asked for an explanation as to why we should suspend our rules.

Hon. Mr. Urquhart: I said that it was because I wanted to make some comments on the report of the committee. I could not speak when tabling the report because the report contained no amendments. The only time that I could speak on the report and on the bill was on third reading. That is why I asked for leave for third reading now, so that I could make my comments. Then, if any honourable senator wished, he could adjourn the debate and third reading could be given tomorrow.

Hon. Mr. Fournier (De Lanaudière): The honourable Senator Molson is the only person who can give a clean-cut explanation of the situation. I heard him when he said "Explain".

Hon. Mr. Denis: Why is he the only one?

Hon. Mr. Fournier (De Lanaudière): Because he is the one who said "Explain". What was in his mind? Was he asking the honourable senator to explain why he wanted third reading today or to explain the contents of the report? That is what I would like to know from the honourable Senator Molson.

Hon. Mr. Molson: Honourable senators, I have no objection whatsoever to a motion being put to expedite the business of this chamber. However, we have rules about the way our procedure is handled, primarily to give everybody an opportunity to understand what has

happened. It is perfectly true what Senator Fournier said. When I said "Explain" to Senator Urquhart I also said "What is the hurry?" I may say that I am quoting the words Senator Tom Reid of New Westminster used religiously whenever someone tried to advance a committee report to third reading.

I said "Explain" because I wanted to know from Senator Urquhart why he could not follow the rule and move that the report be taken into consideration at the next sitting of the Senate. I did not have time to pick up my bundle of bills and follow through the report of the committee he started to speak about, to see just what he was explaining. The rule is there. A report comes in on a certain bill, and before the next sitting when the matter is to be taken into consideration it is our responsibility to look at the bill and read the report and be ready to debate the matter, if we wish. The only alternative is to adjourn the debate, perfectly satisfied with what has happened but simply at the moment unable to express an intelligent opinion. I was only asking Senator Urquhart if there was any urgency why the bill had to have third reading tonight, in which case I would have been agreeable, but if not I would prefer to see it stand over to the next sitting.

Hon. Mr. Burchill: I would like to say that those of us at this end of the chamber did not hear Senator Molson say "Explain". I did not hear it and I was listening attentively.

The Hon. the Speaker: For future reference, it would be easier for the Chair if, when an honourable senator wishes to raise a point, as occurred in this case, or to ask a question or seek an explanation, that he rise in his place. This would assist the Chair. I must confess that in this particular case I did not hear the word "Explain". Perhaps we can now find a way of getting out of this difficulty.

Hon. Mr. Urquhart: Honourable senators, the easiest way out is to have third reading at the next sitting, if that will satisfy my honourable friend.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

RADIATION EMITTING DEVICES ACT

REGULATIONS—QUESTION

Hon. Orville H. Phillips: Honourable senators, I wish to direct a question to the Leader of the Government: What is the reason for and significance of section 3 (1) of the Regulations published in Part I of the *Canada Gazette*, dated May 15, 1971, by which television receivers and extra-oral dental X-ray equipment are prescribed as classes of radiation emitting devices for the purposes of the Radiation Emitting Devices Act?

Were any discussions held with the Canadian Dental Association regarding this regulation?

Hon. Mr. Martin: May I take that as notice?

[Hon. Mr. Molson.]

TEXTILE AND CLOTHING BOARD BILL

THIRD READING

Hon. Eric Cook moved the third reading of Bill C-215, to establish the Textile and Clothing Board and to make certain amendments to other acts in consequence thereof.

The Hon. the Speaker: It has been moved by the honourable Senator Cook, seconded by the honourable Senator Urquhart, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Benidickson: On division.

Motion agreed to and bill read third time and passed, on division.

COMBINES INVESTIGATION ACT

BILL TO AMEND—SECOND READING—
DEBATE CONTINUED

The Senate resumed from Thursday, May 13, the adjourned debate on the motion of Hon. Mr. Benidickson for the second reading of Bill S-17, to amend the Combines Investigation Act.

Hon. Salter A. Hayden: Honourable senators, I think the Senate is well aware of the fact that I am a director of a bank. I only mention that fact so that there can be no allegation later that I spoke without making every person aware of it. However, I feel that it does not restrict or inhibit me in any way in expressing my views on this bill. I expect to be entirely objective, but if any member of the Senate feels at the conclusion that I have been less than that, he can apply some principle of discount.

First, I wish to congratulate Senator Beaubien on the speech he made last Thursday. His was an entirely objective approach, and a very informative one. He presented in some detail the contributions of banks to our financial system.

Having said that I should like to address myself to the bill. It has two sections, the first of which, as far as I can understand by reading it, appears to be meaningless. If I ascribe some meaning to it—this is what I gather from discussions which have gone on in the press, and things that the sponsor of the bill has said in the course of his sponsorship—that meaning would be that the purpose of clause 1 is to prohibit any agreement among banks as to the amount of service charges or rates.

Having said that, let us look at the clause. I have great difficulty in trying to figure it out, but it reads:

> Paragraph (c) of subsection (1) of section 32 of the Combines Investigation Act is amended by adding at the end thereof the words "banking services, or".

The Combines Investigation Act is an act designed to deal with combines in restraint of trade or the lessening of competition, but its chief function is in relation to trade and articles. Indeed, in several places in the act,

there is specific exclusion of certain kinds of services. The design of the act in no way fits it to deal with a question relating to banking. This is particularly so when we have a Bank Act which is the charter of each chartered bank. All the rights, obligations, authorities, and limitations in relation to the operation of a bank are contained in the Bank Act. Therefore, the logical statute in which to place a provision governing the operation of a bank, particularly in respect of service charges, would be the Bank Act. I shall have more to say on that in a moment or two, in order to show that the Bank Act does deal with certain kinds of services, and does prohibit agreement in relation to certain kinds of services.

Section 32(1)(c) of the Combines Investigation Act, which my honourable friend's bill would amend, reads:

> Every one who conspires, combines, agrees or arranges with another person...
>
> (c) to prevent, or lessen, unduly, competition in the production, manufacture, purchase, barter, sale, storage, rental, transportation or supply of an article, or in the price of insurance upon persons or property—

That is the present section. Section 1 of this bill simply proposes to add the words "banking services" and they are left there spinning in the air. Banking services in relation to what? Is it to prohibit banking services? Why, the industry and the financing of the country could not operate without banking services. There must be some additional phraseology that is intended but which is missing.

Without stressing that any further, I am assuming that what it is expected this bill will do is prohibit any agreement among the banks fixing the amount to be charged for banking services. Honourable senators will notice, too, that "banking services" is not defined. Banking services may be banking services to customers or they may be inter-banking services—banking services as between or among banks.

Having said that, I point out that my honourable friend has not shown any need for this amendment. In his remarks, he referred to an increase on April 1 of this year in certain charges for certain services rendered by banks. In that connection, the Prices and Incomes Commission issued a report in which, as might be expected, they said that prices should not be increased at this time. They suggested that what the banks should have done was to absorb the costs of these services, and apply them against the income from their main and substantial operations. But if the banks had done that, those costs would have had to be absorbed somewhere else before the cost could have been arrived at. The result of doing that might well be to make the person who does not get the service pay for it. In the course of his speech my friend asked whether the borrower or the depositor would have to pay for it, but the question that occurs to me is whether the bank should have to pay for it. And the bank gives the service. Is it to pay by charging itself for a service which costs it real money? These are questions that should be determined in approaching the merit of the criticism of the increase in charges.

The PIC, in the course of its reports, referred to what the services were in respect of which the charges were increased. There were four of them. One was personal chequing accounts. The basic service charge of 11 cents per cheque was raised to 14 cents on April 1 of this year. On current accounts the direct charge of 15 cents per debit or credit was raised to 20 cents. The per item charge of 15 cents for accepting payments by customers—those payments being made to oil companies and utilities commissions et cetera—was raised to 20 cents. The fourth service for which the charge was raised was in respect of night deposits, and the charge for the use of night deposit facilities was raised by 25 per cent.

I will just indicate where in the Report of the Prices and Income Commission can be found its determination of the costs of providing those services. The findings with respect to the various services are on page 11, 12, and 13. The report lists the cost and charge for three of these items of service, which were increased on April 1 of this year, on page 9.

As to current accounts in 1969 the cost was 18 cents per entry and the charge was 15 cents per entry. After April 1, 1971 the cost per entry in current accounts was 19 cents, while the charge was made 20 cents. Personal chequing accounts: in 1969 the cost was 20 cents per debit entry and the charge was 10 cents, which subsequently increased by one cent to 11 cents. The cost at April 1, 1971 was 21 cents and the charge was increased in total to 14 cents.

Then there is acceptance of payment. This is a particularly significant item, because it is a convenience or benefit to people who choose to go to the bank to pay telephone bills, light bills, gas bills, and so on. The bank then remits those moneys to the companies. That is a service. If the people who go to the bank for that service do not want to pay the charge they can mail their own cheques or make payments personally to the companies to whom they owe the money. I understand that the substantial part of these payments are made by way of cash payments to the banks.

Hon. Mr. McDonald: May I ask the honourable senator a question at this point? How did the Prices and Income Commission arrive at the bank costs for these services? Is that explained in their report?

Hon. Mr. Hayden: Yes. They compared the United States with Canada, and determined that the cost factor was about equal in the United States for such services as in Canada, and then stated at the top of page 9:

> It seems likely that, on balance, costs for the same service are broadly similar in the two countries.
>
> The estimated costs and charges of Canadian banks for three major service items in 1969 and 1971 (at the new rates)—

And those are the ones I have mentioned.

> —as compiled by the Canadian Bankers' Association from data provided by individual banks, are shown

below. It should be stressed that these are average data subject to the various problems of measurement referred to earlier in this report

Hon. Mr. McDonald: I thought that should be in the record.

Hon. Mr. Hayden: Yes. In 1969 the cost of providing the acceptance of payments service, to people who may or may not be customers of the bank, was 33 cents per item while the charge was 15 cents. Then in 1971, when the cost was 35 cents, the charge was increased on April 1 to 20 cents.

It is quite obvious from this recital of costs and charges that even with the increases on April 1, 1971 the banks are not recovering the total cost of these particular services that they are providing. There are innumerable other services to which I shall refer later, but it is suggested that these increases in charges were unjustified, and that it was unfortunate that they should be brought in at this time. It is admitted in the PIC report that obviously bank charges have increased the same as other costs have increased, and the suggestion is that the banks should have absorbed these costs. It is an unusual twist to have the organization which provides the services and benefits, and sometimes to people who may not even be its customers, not make any charge for that service.

Hon. Mr. Choquette: The banks can well afford it, can they not?

Hon. Mr. Hayden: I was waiting for that. Is that the test?

Hon. Mr. Benidickson: No, I think the test is collusion.

Hon. Mr. Hayden: The test of economic practice and economic good sense is to consider the cost of providing a service as a factor in the price you realize for that service. The fastest way of going broke that I know of is not to charge for the things you do as a general principle. My friend has said that the banks can afford it. When I ask whose money is being spent, you may say that the banks' money is being spent. But whose money is that? It is part of the shareholders' contributions to the bank. We must also remember that the bank itself provides essential services in a financial way to the entire cross-section of the country.

Honourable senators, this might be a good time to refer you to a book written by a man by the name of Galbraith and entitled *Canadian Banking (1970)*. At page 321 there is this:

> Aside from their activities as financial intermediaries but not unrelated to them, the banks provide and operate the basic mechanism for making payments in the country. The use of currency and deposits as the principal means of payment relies heavily on the services of the banks; so much so that the payment system of the country can be said to be based on the banks.

[Hon. Mr. Hayden.]

> A major part of the payment system depends on the arrangements established for handling the transfer of deposits.

At page 327 there is a statement to the effect that about two-thirds of all cheques handled by Canadian banks are drawn on accounts at banks other than those at the negotiating bank. Many services provided by a bank to its customers, therefore, are not provided in isolation such as those provided by the manufacturer of a product but are dependent upon the inter-relationship between that bank and the other chartered banks. And that brings me back to the question I posed at the beginning regarding the language "banking services" used in section 1 of this bill. Banking services fall broadly into two categories: one is banking services to customers, and the other is inter-bank services.

I shall move on for a moment to section 2 of the bill. Section 2, if it were passed into law, would completely inhibit and frustrate banking operations and might to some considerable extent inhibit action by the minister in ways in which he may now act in relation to the banks, and I will tell you about that in a moment. So far as the banks are concerned, in 1967 there was a revision of the Bank Act and, preceding that, there was a Royal Commission on Banking and Finance. That royal commission made a report in which it was recommended, in the interests of providing more competition among banks in relation to interest on deposits and interest or charges on loans, that agreement among the banks in relation to those items be prohibited. Accordingly, there was written into the Bank Act section 138, which prohibits any agreements among the banks in relation to interest on deposits and interest or charges on loans. Such an agreement has been made an offence, penalties are provided, and you may proceed either by way of summary conviction or indictment. But then section 138(2) of the act provides exceptions, and you will see the significance of my reference to how the functioning of the minister under section 138 would be completely inhibited by clause 2 of this bill. Section 138(2) of the Bank Act provides:

> Subsection (1) does not apply to an agreement
> (a) with respect to a deposit or loan made or payable outside Canada;

Clause 2 of the honourable senator's bill would withdraw that exception, and make any such transaction subject to this section which he proposes to have enlarged in the Combines Investigation Act.

Then section 138(2) continues:

> (b) applicable only to the dealings of two or more banks as regards a customer of such banks;

That would come under clause 2 of the honourable senator's bill. Any such agreement by two banks in relation to a customer of both banks would make the banks subject to the provisions of the amendment proposed in the honourable senator's clause 1.

Section 138(2) continues further:

> (c) with respect to a bid for or purchase, sale or underwriting of securities by banks or a group including banks;

This is one exception my friend's clause 2 preserves.

The last exception is significant:

> (2) subsection (1) does not apply to an agreement...
> (d) requested or approved by the Minister.

For instance, a few years ago, and perhaps within the last year, there was tremendous competition for cash deposits. Bidding was very strong, and the interest being offered was going up and up. The Government wanted to stop that escalating interest rate. If you look at the record I believe you will see that the Governor of the Bank of Canada made an announcement requesting the banks to fix a ceiling on the amount of interest they would pay on any cash deposits, and that was fixed at 7½ per cent. Then the attention of the Governor of the Bank of Canada was called to the provisions of section 138, under which he did not have any such power. He had to go to the Minister of Finance who was the only one who had the power, and the minister had to provide sanction by making a request to the banks that notwithstanding the prohibition against agreement to fix rates of interest, they should fix this rate of interest.

If section 2 of this bill became law the Minister of Finance would have to talk to each bank alone, and make a deal as to an interest rate. I am sure that each bank under those circumstances would say to the minister, "Now, you must put a provision in our agreement that you exact the same condition and the same rate, and make an agreement in that respect, from each of the other banks." So, my honourable friend is attempting to accomplish by long division something which section 138 of the Bank Act accomplishes directly.

May I mention another application? In providing the Wheat Board with loans, the banks get together and go to the Government to negotiate the loans and the terms and conditions, but under this bill that cannot be done. The banks could not go together in concert, or in agreement, to do that if my friend's section 2 becomes law.

May I tell honourable senators what the royal commission said about these prohibitions, and bank service charges? On page 370 of its report where it urges prohibition in respect of interest on loans and deposits—those recommendations are incorporated in the Bank Act, and this is why we have this qualification about whether the minister may request or approve—the royal commission says:

> The prohibition should also cover agreements directly affecting competition for lending business, such as agreements not to take over accounts, which banks have entered into in periods of credit restriction, and other agreements affecting the cost of loans. If these or other agreements were considered to be in the public interest at certain times, they might be undertaken with the express approval of the minister.

That is why we have this provision in section 138(2). It is so that the minister will not be hamstrung; that he "may", notwithstanding the prohibitions which apply normally in the interest of maintaining competition. When he determines in the public interest to waive or forego that, he may go to the banks and say " I request that you do this."

In relation to service charges they said:

> We have no strong views about agreements relating to banking procedures and charges for routine services. They have contributed to uniform standards of service without being used to enforce unduly high service charges, though it is not clear whether the result would be very different in the absence of the agreements.

In other words, the report is saying that whether there is an agreement or no agreement the charges most likely would follow the same pattern and we would have uniform charges for these services. My honourable friend was talking about the banks being free in the interests of competition. One bank might want to charge 14 cents per entry, and another bank might be satisfied with charging 11 cents. But how long would that situation persist? There would be no violation of any law, not even the law that my friend wants to write in. Either the one is going down to 11 cents, or the other is going up to 14 cents, and that would be done very quickly.

Hon. Mr. Choquette: What about the singsongs begging you to borrow from the banks? At one time, when people needed money they could not get near the banks. Today the banks offer you a set of dishes, and singsongs over the air urging you to borrow from them. I have no sympathy for those people—none whatever.

Hon. Mr. Hayden: Ordinarily when a speaker has the floor he gives way in order to answer a question. However, if my friend wants to make a speech, let him take his time and make it. In answer to his question I say: So what, if they are looking for business? If it is false advertising, proceed against them. I can tell my friend, as he knows very well, that the banking institutions serve a most useful purpose in this country. We could not get along without them. I could add more regarding advertising plans and other practices. I suppose my friend might well make the same complaint with respect to oil companies, and almost every other kind of business. However, oil companies are under restraints so far as the Combines Investigation Act is concerned. These are side issues, and only indicate a lack of recognition of the purposes, functions and responsibilities of banks.

In 1967, when this section 138 was being considered by a committee in the House of Commons, the very same composition that is now being offered was offered then. It was said that these prohibitions should appear in the Combines Investigation Act, that that was the proper place for prohibitions against agreements stifling competition. To support that, it was stated that the powers of investigation under the Combines Investigation Act were so wide and sweeping that they could function better.

Let us consider these things. First of all, the minister refused to accept any amendment transferring these prohibitions from the administration of the Bank Act. He said that the Bank Act is the statute under which they should be administered, the know-how and knowledge being in the Minister of Finance and the Inspector General of Banks. There is no know-how in the administration of the Combines Investigation Act in relation to the operation of banks. In addition, an examination of the powers of the Inspector General of Banks provided in the Bank Act will reveal that they are at least as broad for investigation as are those under the Combines Investigation Act. The Inspector General has all the authority of Part II of the Public Inquiries Act, which is the authority spelled out in the Combines Investigation Act. So here is a question that was dealt with and disposed of in 1967. It was decided that prohibitions in relation to various agreements by banks relating to their business more properly belong in the Bank Act, where the know-how exists and the administration is knowledgeable. I make the same answer to my friend now.

Honourable senators, I have taken a little longer than I intended, or should, but I have one or two other points to make. An infinite variety of services are provided by banks, and are the subject of a report of the Prices and Incomes Commission, and it can be seen how the general prohibition in relation to financial services could cut into this. For instance, at page 13 of the report reference is made to Other Services.

Hon. Mr. Benidickson: Are you referring to the April report?

Hon. Mr. Hayden: This is the only one I know of in relation to bank service charges.

Hon. Mr. Benidickson: They made one in 1970.

Hon. Mr. Hayden: This is dated April 7, 1971. It states:

> Other Services—Banks provide a wide range of other services for which fees are charged. These include sales commissions on Canada Savings Bonds, service fees on mortgages, commissions on sales of bank drafts, commissions for foreign exchange transactions, fees for letters of credit, loan-standby fees, safety deposit box and other safekeeping fees, and charges to other financial institutions for serving clearing-agent functions.

So, under the heading of banking services, all these services would be gathered into the wording which my friend has used, when what he is attempting to do is to prohibit an agreement—and I will add some words—in relation to charges for banking services. What banking services? All these are earned banking services. A lot of these could not be provided without the cost being paid, because I do not know of anything which requires a bank to be an eleemosynary institution.

Senator Beaubien referred to the fact that a year ago the banks gave up service charges for handling out-of-town cheques. This Prices and Incomes Commission report assumes that these charges would produce around $32 million. Senator Beaubien's figure, which I have no reason to doubt, puts it at $45 million.

Hon. Mr. Beaubien: It is $35 million.

Hon. Mr. Hayden: So, there are the banks in 1970 adhering to the guidelines which the Prices and Incomes Commission asked them to adhere to in 1970. They are abandoning their service charges for handling out-of-town cheques, which produced somewhere in the order of $45 million.

Hon. Mr. Beaubien: The figure I said was $35 million.

Hon. Mr. Hayden: Very well, we will say $35 million. There is $35 million which they forewent in 1970. It is suggested in this report that they got $32 million of that back by increasing these charges in 1971. However, the point is that they are still out a legitimate fee that they would be entitled to on handling those cheques.

As I understand it, the problem presented in the handling was such that they were prepared to abstain rather than continue to impose it. The charge on out-of-town cheques was made to the person who was presenting the cheque—that was the convenient and the easy way of dealing with it—when the person who should really pay that charge was the person who drew the cheque. So it was a misplaced item of charge, bearing on the wrong party. It did not tend to add to good will in banking operation. That was abandoned.

They have a different system in the United States. You may go into a bank in Philadelphia and present a cheque drawn on a bank in San Francisco. They will not credit the proceeds to your account right away. They have a time factor in which they hold that amount so that the cheque will have time to clear. Of course, with airplane facilities now, the clearing can be accomplished reasonably quickly. You may have to wait a day or two, in the case of a Philadelphia bank, to get clearance and have the proceeds paid to you of a cheque drawn on a bank in San Francisco.

There are different approaches to the question. It certainly is a proper element of charge. And all these other items are proper elements of charge. When my friend suggested in his remarks that the Prices and Incomes Commission said that these charges were unjustified—

Hon. Mr. Benidickson: Undesirable.

Hon. Mr. Hayden: You said "unjustified". At least, that is what is reported in the second column of page 968 of *Hansard*:

> These points are worthy of the attention of the Senate. The reason I brought this up—and it is coincidental with the report of the Prices and Incomes Commission, which states they are unjustified—

Either my friend meant that or he did not, but this is what he said and this is what is published. So, I say that the charges, on the basis of business and economics, are reasonable and proper charges. So far as the banks are concerned I am sure they would have no objection at all to a prohibition in the Bank Act against agreements among the banks in relation to service charges to customers. But it should be in the Bank Act where there is knowledge and know-how and understanding in administration.

Another false notion I should dispel at this time—and this has been in the public press and other places including even Parliament—is that it has been conveyed by inference that if an agreement in relation to these service charges is prohibited under the Combines Investigation Act, then the service charges will disappear or at least will be limited. That is 100 per cent wrong. There is nothing to prevent each and every bank, even with my friend's amendment in force, from setting its service charge, and that is the service charge that it will make for a service that it is asked to perform. There is no way under our law as it exists at this time by which any person other than the bank itself can fix what that charge shall be, except that the Minister of Finance, through his Inspector General of Banks, can have regard to the investigatory power in section 65 of the Bank Act, where it says:

> (1) The Inspector, from time to time, but not less frequently than once in each calendar year, shall make or cause to be made, such examination and inquiry into the affairs or business of the bank as he may deem to be necessary or expedient—

Under that heading, which is as broad as it could possibly be, the minister might decide that, in the circumstances at the time when certain increases in rates are established, he could send the inspector in to study the situation. Then under his authority he could say to the banks, "In my opinion this is undesirable and I request you to make a change." And the authority is there. Naturally, there is no compulsion that he can exercise, but you can imagine that when the Minister of Finance, under whose administration the Bank Act is—and all the banks are under that control—makes a request for a certain action, that request will be observed, as it always has been in the operation of banks.

This bill may have served some purpose by focusing attention on this situation, with these increases in bank charges as the focal point. The criticisms of the increases have no substance in themselves on the basis that the increases are unjustified or on the basis that the bank is not entitled to be paid for the services it renders, but they may spark something to the extent that it may now be decided that those charges should be left to the free flow of competition. You do that by putting in another prohibition in section 138 of the Bank Act, prohibiting an agreement among the banks in relation to the amount of service charges. That does not prevent the fixing of one amount as against another, subject only to the right that the minister might exercise to request the banks to change the amount, but it does prevent the banks from getting together and talking about it. There are many people in Canada who are familiar with the operations of banks and understand their operations—and I would say that the finance department and the Inspector General of Canada understand the operations very well—and they would certify publicly that the keenest competition exists among the banks and that there is a tremendous effort to secure, for one bank as against another, new business and developing business.

One other factor I wish to mention concerns the proposal in my friend's bill to apply the law of Canada abroad, to export it, to cover transactions by Canadian banks operating in the international field. This refers to where they are operating, perhaps, in a consortium in connection with international business, and where the benefits of much of that international business in which Canadian banks participate outside of Canada are very beneficial to Canada. But my friend in section 2 of this bill takes away the exception in section 138 of the Bank Act, and makes any agreement in relation to those items fall within the ambit of the appropriate section of the Combines Investigation Act. Here I am not casting any reflections on my friend because I am aware that we are in a very complicated field. But the consequences of doing this thing in the way that this bill proposes are fraught with substantial dangers to the international interests of Canada, particularly considering that the operations of Canadian banks outside Canada are very important, very profitable and very helpful to Canada in its national and international business operations.

So, to say that we are going to export our law and apply these prohibitions in that area to transactions outside Canada is an extraordinary suggestion. For these reasons I would urge upon my friend—and that is all I can do because I do not have the powers of persuasion which the minister has under section 138 of the Bank Act—that having had this discussion and whatever further discussions may follow in connection with this bill, he might feel it has focused sufficient attention on this whole situation and give it further consideration in the light of all the ramifications involved in banking operations. He might then realize the scope of the language he has used in connection with banking services and which I think he can possibly not have intended because banking services cover an infinite variety of transactions other than those which relate to and are charged to the customer. Do you realize that clearing house operations could not carry on if the banks did not get together and having banking service agreements in relation to clearing house operations? Do you realize what the situation would be in this regard if my friend's bill were to become law? I do not think he ever intended that. Perhaps when he considers these matters he will realize it is time to come in out of the weather and wait for another time.

On motion of Hon. Mrs. Casgrain, debate adjourned.

23351—64

CRIMINAL CODE (JURY SERVICE FOR WOMEN)

BILL TO AMEND—SECOND READING—
DEBATE CONTINUED

The Senate resumed from Thursday, May 13, the adjourned debate on the motion of Hon. Mrs. Fergusson for second reading of Bill S-20, to amend the Criminal Code.

Hon. David A. Croll: Honourable senators, I rise to support the motion for second reading of this bill. I can recall no more enlightening or challenging debate recently undertaken in this chamber than the debate on this subject of jury service for women. I do not think there is much more that needs to be said in the light of what has already been said. The initiative was taken by honourable Senator Casgrain in bringing this matter to our attention, and she was followed by Senator Fergusson who introduced this bill. They both have been warmly applauded, and it is high time, I think, that Parliament should establish the principle of equality as between men and women in respect to their liability and eligibility for jury service in criminal proceedings. This is the sole purpose of the present bill. This will not be an unmixed blessing. Jury service is not only a privilege; it sometimes becomes an onerous duty.

There has been a federal "cop-out" on this matter for some years. It is true though to say on behalf of the Government that equality for women respecting jury service in both criminal and civil matters was established in the Northwest Territories and in the Yukon Territory in 1963. With regard to the provinces, they have been left to their own devices by virtue of section 534 of the Criminal Code, and the result has been virtually a dog's breakfast. In some provinces women are eligible for jury service in criminal cases but are not compellable in respect of such service. In other provinces women have equality with men in this matter, and in two, Quebec and Newfoundland, women are neither eligible nor liable for jury service.

This is a strange and perhaps unique result in an area of procedure in criminal matters which, we are told by the law officers, is within the exclusive legislative competence of Parliament under head 27 of section 91 of the British North America Act.

Honourable senators, the length of neglect has not made it any less a "cop-out," nor does it in any way justify its continuance. We have the power to correct the situation, and we should exercise it and exercise it now. We are aware that the present state of affairs is in defiance of Canada's international obligations. Let me indicate what that obligation is. The United Nations Convention on the Political Rights of Women provides *inter alia* that:

> Women shall be entitled to hold public office and to exercise all public functions established by national law in equal terms with men, without any discrimination.

Can it be suggested by anyone that this excludes equality in terms of jury duty? Is this not a "public function"?

Hon. Mr. Flynn: If the honourable senator would permit a question, if by chance it was within provincial jurisdiction, would this treaty, signed for Canada only by the Government of Canada, bind the provinces or provincial legislatures?

Hon. Mr. Croll: I am not sure that it would, but I am pointing out that it is assumed that the Government speaks for the people of Canada. There are jurisdictional differences.

Hon. Mr. Flynn: Yes, over property and civil rights. It is a very difficult question.

Hon. Mr. Croll: Yes, but it is more than that, because we are now talking about criminal as well as civil matters. The Criminal Code is federal in that respect. It may also be in contravention of the Canadian Bill of Rights. I will read that portion which it contravenes. The Canadian Bill of Rights attests without discrimination by reason of sex:

> the right of the individual to equality before the law and the protection of the law;

I point out that there is no need for this to continue. Unlike Senator Hayden, who began his speech by indicating that he was a member of the board of directors of a bank and he wanted to assure us of his objectivity —and no one would question that—and that he had no special interest in speaking to the subject, I want the house to understand that I am not a card-carrying member of the Women's Lib. I do not know that I would even be eligible.

Hon. Mr. Flynn: Accepted.

Hon. Mr. Croll: I do know, however, that women are not the weaker sex. In fact, they are the stronger sex and there is no question about their being the richer sex. The Victorian view of women as being fragile, flower-like creatures capable of fainting on demand and needing constant protection of man is long gone. Men are in fact the more fragile creatures and are in greater need of constant support than women. Even the Prime Minister has come to appreciate that biological fact.

Finally, in asking honourable senators to support this bill I remind them that justice itself is depicted outside the Supreme Court of Canada building as a woman blindfolded holding before her a set of scales. In passing this bill we can let the blindfold be slightly removed and the scales set right. I ask this house to support the bill.

On motion of Hon. Mrs. Inman, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 19, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

19 May 1971

Sir,

I have the honour to inform you that the Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, May 19, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa.

RULES OF THE SENATE

LEAVE IN PRESENTING MOTIONS

The Hon. the Speaker: Honourable senators, I gave some thought last night—after the hockey game, of course—to the discussion which took place in the chamber when an honourable senator asked leave to make a motion. I think that from now on when a motion of this kind is made with leave, I shall ascertain whether in fact leave is being granted. It is my hope that in doing so we will avoid some of the confusion which took place last night. I hope that this will meet with the approval of all honourable senators.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Copies of an Agreement, dated May 18, 1971, between the Government of Canada and the Government of the Province of Quebec, relative to the presence of orientation officers of the Department of Immigration of Quebec in federal immigration offices outside Canada.

23351—64½

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY—FIRST READING

Hon. Donald Smith presented Bill S-21, respecting the Canadian Pacific Railway Company.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Smith: If honourable senators will permit me, it would be helpful if I say that it was my original intention to seek unanimous consent of the house to have the bill placed on the Order Paper for second reading tomorrow. I had proposed to do so because I am convinced of the urgency of the matter because of the impending summer recess, which closes down our parliamentary system, and the need for getting construction of this most important railway under way during this season.

As it is now my understanding that we will not be sitting tomorrow, may I suggest that perhaps the subject could be discussed early next week when Senator Sparrow, the sponsor of the bill, may consider it appropriate to ask for consent to proceed at a faster rate in order to get the bill to committee after second reading. Thank you for your courtesy in allowing me to say that. I move that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

ADJOURNMENT

Hon. Donald Smith: Honourable senators, I move, seconded by honourable Senator Cook, with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, May 25, at 8 o'clock in the evening.

I may say before this motion is put, if I have leave again—

The Hon. the Speaker: Honourable senators, I will put the motion, which after all is debatable, and give the honourable senator the floor immediately afterwards.

With leave of the Senate, and notwithstanding Rule 45(1)(g), it is moved by Senator Smith, seconded by Senator Cook, that when the Senate adjourns today it do stand adjourned until Tuesday next, May 25 at 8 o'clock in the evening. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Smith: Honourable senators, in explanation of this motion may I point out that our Order Paper is becoming thin because the House of Commons has entered a phase in its business which does not deal

directly with legislation. On the other hand, there is extreme interest in the subjects under consideration in our committees. For example, the Standing Senate Committee on National Finance is scheduled to meet tomorrow morning at 10 o'clock. This adjournment of the house will present the committee with the opportunity to hear witnesses during the course of the whole day, which is the general basis for the Senate not sitting until Tuesday next.

Motion agreed to.

CONFEDERATION

RESULTS OF RECENT POLLS ON RIGHT OF QUEBEC TO SEPARATE

Hon. Paul Desruisseaux rose pursuant to notice:

That he will call the attention of the Senate to the results of recent polls on the question of Confederation.

Hon. Paul Desruisseaux: Honourable senators, it might be unusual to address you on the subject of my inquiry. However, recent national public opinion polls have indicated something which seems to be in conflict with certain opinions expressed by at least some people of the Province of Quebec. A question put to different sectors of the population of Canada—students, university people, others with only an elementary education, generally among the workers—produced information which I think should be quite interesting to honourable senators. The question asked in the poll was published in the press, but in my view it did not receive sufficient notice. These polls are usually fairly accurate and have been used by business people and by our political parties to sound out the thinking of Canadians.

The question put was this:

Should Quebec have the right to separate from Confederation?

I was so astonished by what I read that I thought I would bring it to the attention of my colleagues in the Senate.

Of those questioned, nationally 40 per cent said they thought Quebec should be allowed to separate; both in the Maritimes and in Ontario, 41 per cent thought Quebec should be allowed to separate, and in the West 40 per cent thought so. In Quebec, the controversial province in the eyes of so many, 30 per cent thought that Quebec should be allowed to separate. That shows a disparity of 10 or 11 per cent between the thinking in Quebec and the thinking in the other provinces. This upset me a little, because those of us from Quebec who are for unity in Canada, and are struggling to keep a united Canada, feel unsupported in view of this thinking. I wanted to bring this matter before the Senate with a view to hearing what opinions there might be on the matter.

The figures show that 70 per cent of Canadian university students favour giving Quebec the right to separate. Of those with elementary education, only 24 per cent are in favour of this right for Quebec. Some people did not have any opinion. In Quebec 20 per cent were without any opinion, but in Ontario the figure was only 13 per cent.

I thought this would be of interest to the house, in view of what is happening and what is reported in the press, the radio and television. I believe my Province of Quebec is still loyal to confederation, and most Quebecers are very concerned about the thinking of the few who want Quebec to separate. I do not want to prolong the discussion on this. I am just bringing it out for what it is worth, to seek enlightened opinion, to find out whether in Quebec we are that much for separatism. That is all I have to say.

Hon. Mr. Flynn: May I put a question to honourable Senator Desruisseaux? Does he suggest that all those who are in favour of the right of Quebecers to decide to separate, support the idea of separation or the principle of independence? To me these are very different things. I would like him to clarify his position.

Hon. Mr. Desruisseaux: I give only the facts from a recent poll, the gallup poll that was taken less than a month ago. If you are seeking my own views on this, I do not mind—

Hon. Mr. Flynn: What is your purpose in bringing this up?

Hon. Mr. Desruisseaux: To show that in the Province of Quebec we may be less separatist than some people think.

Hon. Mr. Flynn: Agreed.

Hon. Mr. Desruisseaux: And that some other provinces may be more lenient in giving us the right to separate.

Hon. Mr. Flynn: I do not know if anyone wishes to pursue this debate, but I want to clarify my own position. I am entirely and definitely in favour of Quebec remaining within Canada. But I am in favour of self-determination where conditions exist as outlined in the Charter of the United Nations. To authorize the exercise of the principle of self-determination is something else.

I would suggest to honourable senators, and to Senator Desruisseaux in particular, that if a definite majority of Quebec should decide to secede, the rest of Canada could not oppose it. This does not mean that I support separation. That is entirely different. I am in favour of Quebec remaining in Confederation. I do not see how Quebec could live without Canada, and I do not see how Canada could live without Quebec.

Hon. Mr. Desruisseaux: If I may add a word, I entirely agree with the views expressed by the honourable Leader of the Opposition. I believe he has reflected the thinking of the majority of people in Quebec. His views are also mine. But what I see in this is the discouragement that the Quebecer has when he fights for a united Canada but does not feel he has enough backing from other Canadians.

I did not bring this up for the purpose of debate, but to focus attention on the current thinking in Canada as to the right to self-determination, the right to separate. I

believe that the great majority of Quebecers would fight against any separation.

Hon. Mr. Flynn: Agreed.

Hon. Mr. Desruisseaux: And they would like to see their stand strongly supported by the other provinces. I do not think we can let Quebec separate, and in reality I do not think it would do so.

Hon. Mr. Flynn: The confusion occurs when you say, "We cannot let Quebec separate". It all depends on what you mean when you say that.

Hon. Mr. Desruisseaux: Well, let me put one other question, senator. If Quebec were to separate, who would pay the debts that Quebec could inherit?

Hon. Mr. Flynn: That is a problem of procedure only, but we should be clear as to what we mean by the expression, "We cannot let Quebec separate". It may be a wish to convince Quebecers that they should not separate, but if they decide with a huge majority that they should do so, I do not think force could be used to prevent it. That is something else again.

Hon. Mr. Rattenbury: Would the honourable Leader of the Opposition give the same self-determination to all the other provinces in Canada?

Hon. Mr. Flynn: Certainly not, and I shall tell you why. I do not know if the honourable senator realizes that when I refer to the charter of the United Nations I refer to something which poses some conditions for self-determination. Those conditions are that the group must be one that is characterized by geography, language and culture. In other words, it must be a kind of entity in itself. With the greatest of respect, you could not say, for example, that Prince Edward Island would constitute a distinct entity in Canada. On the other hand, I am quite sure that if there is one province in Canada that has the nature of a distinct entity it is Quebec. Whether you like it or not, that is the case. There is a majority of French-speaking Canadians in Quebec; there are borders which delimit Quebec, even if you could possibly extend these borders into New Brunswick or into the northern part of Ontario. So, from the standpoint of both geography and demography Quebec can form an entity. Those are the principles of the basis of self-determination. You have to comply with these basic principles or basic conditions, and I suggest that you have them in Quebec.

Hon. Paul Martin: Honourable senators, I do not want to enter into the full discussion that has taken place, but I want Senator Desruisseaux to know that we all recognize his interest in the unity of the country. We recognize, by the several interventions he has made, that he has displayed a commendable and dutiful interest in affirming the unity of this country and in advising us of the situation as he finds it in his native province.

As one who does not come from that province, my impression is that the efforts made by all in Canada, including those in Quebec, to preserve the unity of this country are widely recognized. My own view is that in a free society they may have all the gallup polls they wish—because that is the nature of our free society, but it is up to us to interpret the wisdom of those polls on one side or another, no matter what position we take as to their conclusions.

My own judgment, speaking as a Canadian, is that in the last provincial election in Quebec—and I am not now passing judgment on the merits of political parties in that province—the last judgment of the people of Quebec in that province overwhelmingly indicated that like the rest of the majority of the people of Canada they want to continue in Confederation. Let there be no mistake about that.

Hon. Senators: Hear, hear!

Hon. Mr. Martin: And we also interpret that, as the Prime Minister said last Sunday on television, apart altogether from the divisions of political opinion, no other conclusion can be open to the tremendous support given him in his own province because of the position that he took with regard to Confederation.

I want to say that all of these diversions will not, in my judgment, alter what is and what has been and what will continue to be the overwhelming sentiment of the people of Quebec as represented by the Leader of the Opposition here today, by Senator Desruisseaux, and all of us on this side and members in the House of Commons. There is not a truly substantial body of persons in any province that does not want this country to stay united. I say that we should take advantage of discussions like this to confirm this fact, whether it be for some in the United Nations or some in a European country.

We have had our problems. I have lived practically all my life in the context of this kind of problem. It was the problem that faced Laurier when he became Prime Minister in 1896. It was that same problem that faced him in his confrontation with Henri Bourassa in 1911. The dimensions may have been different, but the issue was the same. As far as I am concerned we should not give hostage to any suggestion that there is not a strong body of opinion in Canada determined to see this country stay united from one coast to another.

Hon. Senators: Hear, hear!

Hon. Mr. Flynn: If honourable senators will allow me, I will point out that I did not make a speech. I only made a few comments. I would not want to be incorrectly on record in any respect. I will not say that I agree with the Leader of the Government when he says that the last federal vote indicated that the people wanted to support Canada as opposing the position taken by my party. I will agree with the Leader of the Government when he says that Quebec, when it voted at the last federal election, indicated clearly that it was against separation. This is quite clear to my way of thinking. There is no doubt about it. Otherwise, for the rest of the comments the Leader of the Government had to make, I reserve my judgment, but again on the essential we are in perfect agreement.

Hon. Senators: Hear, hear!

Hon. Mr. Desruisseaux: I think I have achieved what I wanted by having the Leader of the Government and the Leader of the Opposition express their views on this subject. I am not in disagreement, nor will I let it be interpreted in any way that I could be in disagreement with anything said by the Leader of the Government on this point. In fact, what he expressed so eloquently is what I should like to have said myself, had I his eloquence.

OFFICIAL LANGUAGES

TRANSLATION OF DOCUMENTS—QUESTION

Hon. Orville H. Phillips: Honourable senators, I should like to direct a question to the Leader of the Government. In doing so I do not wish to involve myself in any of the discussion that has just taken place.

As a parent of teenagers I have quite naturally been interested in the employment program provided by the federal Government, and in all sincerity I should really like to follow the various projects through. In fact, if I may transgress the rules at this stage, I shall serve notice on the Leader of the Government that at a later time I shall ask him some specific questions as to who is involved in the various employment projects. However, the thing that really disturbs me—and I am not too sure how I can put this viewpoint across because it seems that when you raise a question on bilingualism you are automatically regarded as being anti-French, and I do not accept that criticism as being valid. Nevertheless, I would like to point out—

Hon. Mr. Fournier (De Lanaudière): Honourable senators, I am sorry to interrupt—

Hon. Mr. Phillips: You see what I mean. I am automatically being labelled anti-French.

Hon. Mr. Fournier (De Lanaudière): I would like to know the question that the honourable gentleman wishes to ask.

The Hon. the Speaker: I think the point raised by Senator Fournier (De Lanaudière) is well taken, and Senator Phillips should now, if possible, put his question. It has been our practice to be as lenient as possible in permitting an honourable senator to lay the foundations for his question, but I would appreciate it if honourable Senator Phillips would now put his question.

Hon. Mr. Phillips: Honourable senators, in view of the suggestion—and I use the word "suggestion"—on the part of His Honour the Speaker, I am quite willing to put my question. But perhaps you will permit me to remind you that on numerous occasions I have suffered interruptions—and I mean "suffered"—from the same source. My question, honourable senators, deals with the fact that I have received a very vague document. No department is named and—

Hon. Mr. Martin: It must be one of my speeches.

Hon. Mr. Phillips: That would naturally be vague.

Hon. Mr. Flynn: The best form of defence is to attack.

[Hon. Mr. Flynn.]

Hon. Mr. Phillips: If it were otherwise, I would be disappointed. As I say, my question relates to the fact that I received a document which gives no trace of its origin, and I should like to know its origin. It says "Atlantic Provinces" and then underneath in French it says "Provinces d'Atlantique". My French is not too good, but I hope the interpreter has picked it up. Then the document goes on to say, "Nova Scotia, New Brunswick and Prince Edward Island". I must not forget Prince Edward Island. Then it suddenly switches from English to French, and everything concerning the Province of Quebec is in French. Now, I have no objection to this as long as I can have a translation. Therefore, my question to the Leader of the Government is this: Is there a new policy of the Government whereby as an English-speaking senator I have to go through three, four or five pages of a document which, when it deals with Quebec, is written in French when I, as a senator, am entitled to a translation? I want to emphasize and indeed to re-emphasize that this has nothing to do with being anti-French. Therefore, sir, will you provide me with a translation or an interpretation?

Hon. Paul Martin: Honourable senators, I shall be glad to look into this matter. I do not raise any question as to the manner in which the question was put lest I should be misunderstood, but I must point out that as of this moment I do not know what the document is. However, as I say, I will look into the question and I will certainly see that whatever rights Senator Phillips has are observed. I would point out, however, that under the Official Languages Act, documents are to be published in both languages.

I cannot say anything more than that at the moment, because I do not understand the question and I do not know the nature of the document to which my honourable friend has directed our attention.

Hon. Mr. Phillips: May I suggest that I ask a page to take the document to Senator Martin and then perhaps we can discuss it and arrange for a solution. I do not wish to be contentious but I wish to stress the fact that both languages should be recognized.

STATUTORY INSTRUMENTS BILL

THIRD READING

Hon. Earl W. Urquhart moved the third reading of Bill C-182, to provide for the examination, publication and scrutiny of regulations and other statutory instruments.

He said: Honourable senators—

Hon. Mr. Flynn: Without leave!

Hon. Mr. Urquhart: The sponsor of the bill is the Government Leader in the Senate, but the motion for third reading stands today in my name. Therefore, I suppose the proper motion I should now make is this: Honourable senators, on behalf of the honourable Senator Martin, I move third reading of this bill.

Hon. Mr. Phillips: Honourable senators, since the honourable senator said that the bill is in the name of Senator Martin, should it not be adjourned?

The Hon. the Speaker: Honourable senators, as far as I can see the motion was put in the regular form. It is being made on behalf of the honourable Senator Martin, as is frequently done. I should point out that I am following the motion in front of me which has been duly seconded. This motion is open for debate, and if there is no debate then I presume the motion shall carry.

Hon. Mr. Flynn: Honourable senators, the only point I would like to make is that I would not want to miss the speech that honourable Senator Urquhart was prepared to give us last night. I am sure that it is up to date today.

The Hon. the Speaker: Honourable senators, if there are no speakers, is it your pleasure to adopt the motion?

Motion agreed to and bill read third time and passed.

CRIMINAL CODE (JURY SERVICE FOR WOMEN)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mrs. Fergusson for second reading of Bill S-20, to amend the Criminal Code.

Hon. F. Elsie Inman: Honourable senators, I wish to thank Senator Casgrain for bringing this matter of women on juries in Canada to the attention of the Senate, and also Senator Fergusson for introducing Bill S-20 which would make it legal in all provinces for women to be called to jury duty.

I propose now to give a very short history of the use of juries. The members of this chamber who are lawyers no doubt already know this bit of legal history, but other honourable senators may be interested to hear how and when the system began.

The use of juries in courts of law first came into practice in the thirteenth and fourteenth centuries. The jury is a very old institution in British law. It was originally introduced into England by the Normans as a group of neighbours who convened to answer specific questions on oath. In those days, and for centuries after, their judgment was based on their knowledge of the persons to be tried, their circumstances, and the locality. The fundamental idea remains, and juries are now called to represent the public in courts. They are responsible for carrying out defined public duties.

The first record I can find of women jurors is in the United States of America. In that country women have served on juries for centuries, from as far back as 1656. A jury composed of women was ordered by the General Provincial Court at the session held on September 22, 1656, in a town in Maryland. The jury was composed of seven married women and four single women who tried a Judith Catchpole for the murder of her child. The court, after the indictment, ordered that a jury of able women be empanelled and to find, in their verdict, to the best of their judgment whether she, the said Judith, had ever had a child or not. The jury's verdict was one of not guilty.

The law is not necessarily a man's field. Most people, men as well as women, believe that women are peculiarly suited to deal with legal questions. After all, the subject matter of the law is human relations, which requires a lot of intuition as well as a grasp of the cold facts of a case. I might add that women are supposed to have a great deal of intuition.

There are many quite responsible people who have gone so far as to urge that juries be abolished. It would, perhaps, be better if justice were left to a full bench of judges rather than to a judge and a jury, for obvious reasons. I mentioned some of them when I spoke on the status of women. However, it seems likely that juries will be with us for a long time yet.

In large cities and sparsely populated areas such as we have in Canada, the jurors called for duty have probably never before seen or heard of the parties involved, and so they make their decisions on the basis of the evidence presented in the court. Although women make up only 5 per cent of those charged with crimes in Canada, the number involved is not really small. In 1949 over 2,000 women were involved in court cases. There are now many more, and as our population grows the numbers will continue to increase. When so much property is in the hands of women, more women are bound to be parties in civil actions, as one can see by the daily court reports, as well as being indicted for criminal offences.

In England women have been accepted for jury duty on the same basis as men since 1919, the year the Sex Disqualification (Removal) Act was passed, and they are compelled to serve on the same basis as men. British Columbia was the first Canadian province to make women eligible to sit on juries by qualifying all persons registered as voters to sit on juries. This was before 1900. One by one the other provinces amended the relevant legislation to permit women to do jury duty, the exceptions being Quebec and Newfoundland. Quebec is now in the process of amending its act to make women eligible to serve on juries in that province.

In Canada, up to the present time, women are not compelled to serve on juries. It is pretty well up to the woman herself to decide whether or not she elects to be a juror. For instance, under the present Ontario law a judge may excuse a woman from jury duty on any civil or criminal case by reason of the nature of the evidence to be given, or the issues to be tried. In Alberta, a woman has to sign a document in advance signifying her willingness. The other provinces have similar conditions regarding women called to serve on juries. In my view, this is wrong. If women wish equality they must be prepared to serve on juries on the same basis as men without expecting any special concessions, and they should be excused only for reasons that men are excused. As stated before, the law is not necessarily a man's field.

In Prince Edward Island, an act to amend the Jury Act was passed in April 1966. The amendment deleted the word "male" before the word "inhabitant". The act now reads:

> Any woman who is served with a summons and does not desire to serve as a Juror shall, within three days after the receipt of the summons by her, notify the Sheriff in writing in Form A in the Schedule that she claims exemption from service as a Juror for a period of one year from the date of the notice, and upon such a notice being given to the Sheriff the woman shall be exempt from services as a Juror for the period of one year.

I know that in Prince Edward Island it is considered by the judges and officers of the courts unsatisfactory for women to be allowed to decline to serve on juries. A judge told me that in one case 200 names were "in the hat", so to speak, many of them belonging to women, but few of the women would serve, and it was difficult to empanel a full jury.

However, some Prince Edward Island women do jury duty and one woman, Miss Iphegenzie Arsenault, was foreman of a jury. During a recent session of the supreme court, one of the cases was a particularly difficult criminal case. I asked Miss Arsenault how she felt about being chosen as foreman of the jury. She said that she approached her task with fear and trembling; that it was not easy to take the responsibility at first. There was another woman with her on the jury, but the remaining jurors were men, who were most agreeable and seemed pleased to have her as their foreman. In general, though, the women of Prince Edward Island have been very loath to accept jury duty, and in most cases refuse to sit on juries.

One of the 167 recommendations contained in the report of the Royal Commission on the Status of Women in Canada is that women be called to jury duty in every province in Canada and in the Northwest Territories. If Bill S-20 becomes law—and I sincerely hope it will—then women must accept the responsibility of jury duty on the same basis as men, without any special concessions or consideration.

I support Bill S-20, and I hope all honourable senators will give it favourable consideration.

On motion of Hon. Mr. Choquette, debate adjourned.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION—DEBATE CONTINUED

The Senate resumed from Tuesday, May 4, the adjourned debate on the inquiry of Hon. Mr. Manning, calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Hon. Paul Martin: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Martin speak now in place of Senator Langlois?

[Hon. Mrs. Inman.]

Hon. Senators: Agreed.

Hon. Mr. Martin: Honourable senators, I had an opportunity to say to Senator Manning earlier today that it was my intention to speak on this important subject to which he has directed the attention of the Senate. I explained to him that I would not be doing so today, because of certain aspects of Government policy which are under study. Until such time as I felt that these formulations had taken place it would be better that whatever I had to say should, in the main, be said at that time. However, I do wish to make some observations with regard to the procedural opportunities that are open to us now.

We recently had a proposal by Senator Molson, speaking on behalf of the Standing Committee on Standing Rules and Orders, that Rule 28 of the Rules of the Senate be suspended for the duration of this session. Rule 28 precludes a senator from speaking more than once to a question, except in explanation. Senator Molson, in offering this suggestion on behalf of the committee, said that it was an experiment. He thought that it might provoke wider debate, and we were all inclined to agree. I merely remind honourable senators of our decision to suspend Rule 28, in the hope that it will encourage wider debate of important questions such as the one before us. That being the case, my intervention at this moment cannot be regarded as precluding me later on from speaking on this very important subject.

Honourable senators, I suggest that Senator Manning has put before us a very important subject, which should engage the attention of each one of us. There is no opportunity in the other place for a wide discussion in this matter, except in committee, but that opportunity is open to us in the Senate.

We had expected this week to receive in this very chamber representatives of the Senate of the United States and members of the House of Representatives. They were to foregather here for the purpose of discussing with their opposite numbers in the two houses of the Canadian Parliament the very matter that is involved in the inquiry of Senator Manning, namely, our relations with the United States. We greatly regret that the particular business of the Senate proposed by Senator Mansfield—who, I understand, was coming with the United States delegation—has meant that there has to be a postponement of this visit. However, those of us who were to be delegates or who have important views regarding our relationships with that country, can perhaps take advantage of Senator Manning's inquiry.

Our relations with the United States, as Senator Manning said, are vital. We have a greater volume of trade with that country than with any other country in the world. This means that the character of our relationships is complicated as well as beneficial, creating problems that are perhaps greater in number as a result than is the case with any other two countries in the world.

We have an opportunity to assess the nature of the solutions that are being offered to some of these questions. We hear discussion today all over this country. I, as one senator, feel that this must be one forum where this

matter is discussed. We hear discussion of relations with the United States in the board rooms of big and small companies, in the universities, in town councils, in chambers of commerce, and in the churches. This applies also to the nature of the problem of Canadian identity, and whether we are being overwhelmed by the extent of the economic presence in this country of the United States.

Some are taking, in my judgment, strong, extreme measures to give expression to their sense of Canadian nationalism. I feel, therefore, that on this subject we have, in the next two or three weeks, an opportunity open to every one of us to express our views, so that we can give some direction to the public debate that is taking place, a debate in which provincial governments are involved. Some of these provincial governments find themselves faced with economic disparity, and have to go into the markets of the United States for financing to enable them to meet some of the problems of economic growth. The heads of those provincial governments say that as far as they are concerned there can and must be no change in the relationship between our two countries, because of the dependence, they allege, of our standard of living on capital markets outside Canada.

I share the strong view expressed by Senator Manning and Senator O'Leary that this kind of question is one on which we have a point of view to express. Speaking for the people who live in the area from which I come, the City of Windsor, which is dependent upon the operation of plants that have their genesis across the line, I am not prepared to let extreme groups argue for the adoption of policies that are not calculated to maintain the level of employment necessary for us to maintain our present standards. This does not mean to say there are not changes that must take place, or that every encouragement must not be given to a greater participation by Canadians in their own economic infrastructure. Of course there must be, and the Government is addressing itself vitally to these very problems. It is because the Government's conclusions are not yet in a form available for public attention that I have given an intimation that I propose to take part in this debate at a later date.

I commend Senator Manning for raising this subject. The Leader of the Opposition suggested this would be a good item on which to encourage the widest possible participation in a debate on this question, and I acceded to his suggestion.

I also want to express on behalf of the membership of the Senate, and on behalf of the Government, our regret that the Canadian-American meeting did not take place as scheduled. I do not know whether this means it is not to take place for another year—I do not know what the arrangements are—but I do want to emphasize that we regret the fact that Senator Mansfield and his colleagues were not able to come and take part with us in these exchanges, which I know participating senators have found so useful.

On motion of Hon. Mr. McDonald, for Hon. Mr. Langlois, debate adjourned.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the provisions of the Criminal Code relating to the release from custody of accused persons before trial or pending appeal.

An Act to establish the Textile and Clothing Board and to make certain amendments to other Acts in consequence thereof.

An Act to provide for the examination, publication and scrutiny of regulations and other statutory instruments.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 25, 1971, at 8 p.m.

THE SENATE

Tuesday, May 25, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of twenty-five contracts between the Government of Canada and municipalities in Alberta, British Columbia and Manitoba for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter 54, Statutes of Canada, 1959. (English text).

Consolidated Index and Table of Statutory Orders and Regulations published in the *Canada Gazette*, Part II, for the period January 1, 1955 to March 31, 1971.

Copies of Protocol, done at Moscow May 19, 1971, between Canada and the USSR respecting consultations on important international problems of mutual interest and on questions of bilateral relations.

Copies of the final report, dated March 1971, of the Royal Commission on Farm Machinery (Dr. Clarence L. Barber, Commissioner), respecting Prices.

Copies of Statement on operations under the Veterans Insurance Act for the fiscal year ended March 31, 1971, pursuant to section 20 of the said Act, chapter 279, R.S.C., 1952.

Copies of Statement on operations under The Returned Soldiers' Insurance Act for the fiscal year ended March 31, 1971, pursuant to section 17(2) of the said Act, chapter 54, Statutes of Canada, 1920, as amended 1951.

Copies of report issued by the Department of Manpower and Immigration in March 1971 entitled "Summer Employment Survey of Post-secondary Students in Canada, 1970".

Copies of Report of Inquiry on the Coasting Trade of Canada and Related Marine Activity, dated October 1970, submitted by the Water Transport Committee at the request of the Minister of Transport.

Capital Budget of Canada Deposit Insurance Corporation for the year ending December 31, 1971, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, as amended by section 14 of chapter 74, Statutes of Canada, 1966-67, together with Order in Council P.C. 1971-99, dated January 21, 1971, approving same.

Text of an address by the Deputy Minister of Energy, Mines and Resources to the Southwest Alaska Section, Society of Petroleum Engineers, in Anchorage, Alaska, May 6, 1971, respecting Canadian oil and gas developments. (English text).

Report of Telesat Canada for the year ended December 31, 1970, including its accounts and financial statements certified by the Auditors, pursuant to section 37 of the Telesat Canada Act, chapter 51, Statutes of Canada, 1968-69.

CRIMINAL CODE (JURY SERVICE FOR WOMEN)

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, May 19, the adjourned debate on the motion of Hon. Mrs. Fergusson for second reading of Bill S-20, to amend the Criminal Code.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, during the debate initiated by Senator Casgrain, I indicated my support of the principle of this bill which would allow women to serve as jurors and eliminate long-standing discrimination.

Consequently, I have no objection whatsoever to this bill's being read a second time and referred to one of our standing committees, presumably the Committee on Legal and Constitutional Affairs. Notwithstanding what I just said, I would like to make a few comments among which there will be a few reservations.

First of all, I would like to say that I have doubts that the Government will allow this bill to be passed, at least during this session. I do not believe that the Government and Parliament would act wisely in letting this bill become law right away. You appreciate that a problem of jurisdiction is involved and the Government Leader has stated the opinion of the Minister of Justice to the effect that legislating in this instance was the responsibility of the federal Parliament. I am not quarrelling with this view. However, I do note that for the past century we have had the British North America Act to guide us, that the matter has been enacted upon by provincial legislatures exclusively and that the federal Government and Parliament have carefully held aloof from it.

Of course, I think the reason is that the administration of justice is in the area of provincial jurisdiction and because of the lack of federal legislation, provincial legislatures found it convenient to stand up and legislate in this field.

There is no doubt that one may argue that the federal Parliament has jurisdiction on the grounds that those are ancillary rights under criminal law but to this day provincial authorities have dealt with jury problems under both criminal and civil law. In any case, I am

sure that where civil cases are concerned, the provincial legislatures have exclusive jurisdiction.

For my part, it matters little whether the elimination of discrimination in this field against the weaker sex be the result of an initiative of the federal Parliament or of provincial legislatures. Only two provinces are involved, if I am not mistaken, Quebec and Newfoundland, and as is generally known, the Quebec National Assembly is now dealing with a bill to allow women to perform jury duty. The bill is not quite to everyone's taste and I would say it probably does not suit Senator Fergusson, the sponsor of the bill, because it still stresses certain differences on the basis of sex, allowing women to be exempted from jury duty for various reasons. I also know that the Quebec Bar Association is not happy with the bill introduced by the Quebec Minister of Justice and intends to make representations in this regard. What will happen to the bill? I suppose it will finally solve the problem in Quebec, so that only the Province of Newfoundland still has to solve it and that, I trust, will soon be achieved.

The issue of federal or provincial legislative jurisdiction, the inadequacy of the bill now before the Quebec National Assembly, the possible steps the Newfoundland government might take, are three subjects which could be discussed and examined by the committee to which the bill may be referred.

For my part, whatever the solution, provided that it is acceptable and that it solves the problem once and for all, I would be very happy. I would merely have this to say to Senator Croll, who discussed this bill at our last sitting: if the legislatures have the power to legislate as they have done up till now, it is impossible, with regard to provincial laws in this matter, to invoke the Canadian Bill of Rights adopted by this Parliament, because we know very well that it applies only to federal legislation. Should the provincial law be *ultra vires,* this ground could only be invoked in the courts to have such law revoked and if the bill were *intra vires,* then, the Canadian Bill of Rights which we adopted a few years ago, could be invoked.

In any event, I believe that the committee to which this bill will be referred will be able to do some useful work and that finally this matter will be settled. It is high time that it be so.

[*English*]

Mrs. Thérèse Casgrain: Honourable senators, Senator Flynn has said that Newfoundland is the only province in which no steps have been taken. May I say I have here a Newfoundland bill which proposes that women also serve on juries in that province.

In regard to the Quebec bill, I know that the Bar of Quebec is not satisfied with some of its points. Many people have voiced their objections, and it is hoped that that bill will be amended to conform with the bill which Senator Fergusson has introduced here. With the efforts we are all making, I am sure that before long we will have women on juries.

Hon. Mr. Choquette: Hear, hear.

Hon. Mrs. Casgrain: It is so tiresome to hear these reminders that woman's place is in the home, that women are wonderful homemakers. I agree with all that, but if you say that you judge people by their peers, you cannot say, if twelve men are called upon to judge a woman who is charged with an offence, that she is being judged by her peers.

There should be men and women on juries. It is a question of finding qualified persons. This is the opinion of many people in this capital and in this Senate, and it is also the opinion of thousands in my own province.

I hope that this question will be settled soon, as it is a very necessary step to take and one for which everyone has been waiting for so long.

Hon. Muriel McQ. Fergusson: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if honourable Senator Fergusson speaks now her speech will have the effect of closing the debate on second reading.

Hon. Mrs. Fergusson: Honourable senators, I just wish to thank all those who have participated in this debate. I have expressed my opinions on the subject at some length and I do not think it necessary for me to add anything further in rebuttal. I appreciate the interest there has been, and I move second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mrs. Fergusson, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION—DEBATE CONTINUED

The Senate resumed from Wednesday, May 19, the adjourned debate on the inquiry of Hon. Mr. Manning, calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Connolly shall speak now in place of the honourable Senator Langlois?

Hon. Senators: Agreed.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I should like to thank honourable Senator Langlois for the courtesy of allowing me to speak.

I think we are most indebted to Senator Manning for raising the issue that is set down under his name. He has pointed up with a realism born of wide experience the importance of Canada's commercial, military and

cultural relations with our friend and neighbour, the United States of America. Senator Manning's discussion of the capital investment made by citizens of the United States in this country, and more particularly in his own Province of Alberta, especially in the petrochemical field, in oil and gas, was a discussion that came from a mind fully furnished. He spoke with first-hand knowledge.

As Senator Manning was speaking of the development of the oil and gas industry in this country, I could not help thinking about the situation that prevailed here during World War II when we had gasoline rationing in Canada, with all of its inconveniences to the population, and with our dependency at that time upon the United States for a supply of gasoline and oil for our cars, our tractors and all of the equipment that runs on those fuels. Never again will we have that situation in Canada, because we now have in this country a proven surplus of oil and gas that is not only adequate for our domestic requirements but is, indeed, sufficient to enable us to export considerable quantities to whatever markets those products are competitive in.

I think it fair to deduce from what Senator Manning said that the plain fact of the matter is that if it had not been for foreign capital investment, particularly that of the American major oil companies, the people of western Canada today, particularly of Alberta, might well believe they were still walking on moose pastures rather than on oil and gas fields.

There is value to the Senate in having a man like Senator Manning talk on a subject of this kind. I do regret that the media scarcely notice a speech as remarkable as this. I am surprised that the editorial writers of this country do not feel that there is food for thought for them to comment upon in the kind of view which he expressed. And what I say of Senator Manning applies also to the speeches of Senator O'Leary and Senator Cameron. Both of these gentlemen made good speeches, speeches which made good sense. The ideas they expressed were ideas which could formulate the basis of a sound policy. But there was no flamboyance, no sensationalism, and as a result there was no notice in the press.

Honourable senators, I yield to no one in my desire to see Canada control her own destiny, establish and manage her own institutions, develop her own social and cultural ethos. My hero worship was enthusiastically given to statesmen who led us down this path. As a very young man I was excited by the steps which led to the passing of the Statute of Westminster, and I have been excited, too, about the strides taken by this country since that statute was passed, and indeed largely as a result of the passing of that statute. To give you one example, it enabled the war effort which Canada put forward in the Second World War to be a Canadian achievement, not only in the military sense but in the production sense.

In the First World War the reasons given for Canada's participation were primarily summed up in the expression, "Canada at Britain's side." In the Second World War the reasons which inspired the kind of war effort we had was that Canada was fighting on the side of freedom; it was a Canadian effort, a truly Canadian effort and a full Canadian effort. Let me add that the capacity to run a war effort of that kind was not conferred by any statute of the United Kingdom; it came from a developed, sophisticated organizational technique which had come to this country. It came from the ability to use our growing wealth and our natural resources; it came from a marshalling of our economic resources, with improving skills and with managerial talent. The days of wind and water economy in this country were over. Canada had moved beyond her ancient frontiers into the modern war-torn world. Her people had matured. This was a giant step in the direction of political independance.

Let me give another example. I remember with pride the initiative taken by the Right Honourable Louis St. Laurent, surely one of the great jurists in our history, to make the Supreme Court of Canada our court of final resort. There were great speeches both in the House of Commons and in the Senate in the debate on the bill which accomplished that fact. I like to think of Senator Hugessen's contribution in this house. Here was a man who was proud of his British background and yet was resolutely Canadian. He was superbly knowledgeable of the high quality of British juridicial traditions. But there was no sabre rattling, no threatening as he spoke about the assertion of Canada's independence in the judicial field. There was about that speech a quiet conviction that Canada and Canadians had come into their own; they could now be masters in their own house in this field. There had been a slow, steady development and the assertion of control was a reasonable step and indeed an inevitable step, and it has turned out to be a beneficial step.

I think it fair to say that the truly significant milestones in our progress as a nation from Confederation on in all our domestic and international achievements—and there have been many—have come from reasoned, realistic preparation. Senator Crerar used to say that Canadians have an innate common sense. I say that in addition to that, Canadians have a becoming modesty, becoming to the size of their population, and they have an aversion to boastful postures. This I believe is not only true of the two dominant cultural and ethnic groups in Canada but it is also true of the many other ethnic elements of our country. In our first century no great national achievement has had its root in hysteria or in a climate of crisis or in ruthlessness or in military or political or social revolution. We have relied on a certain calm that is characteristic of our people, a serenity, a reasonableness, a quiet confidence in our ultimate great destiny and not letting ourselves obscure our larger objectives by worrying unduly about incidentals.

But in recent years our national cool appears to have been deserting us, particularly in our relations with our American neighbours. Organized groups loudly protest almost every aspect of American military strength and posture. But even Americans admit the horrible mistakes in some aspects of their foreign policy and its implemen-

tation. Vietnam is a case in point. The Calley trial is perhaps a pinpoint, but that trial showed people agonized by competing standards. What is the standard for a fighter, for a warrior, for a military man? What is the standard of human justice and right? But what about the wider policy that the Americans have been pursuing since the end of the last war? Are Canadians who are so critical of the Americans prepared to ignore the Communist threat to the west, which the American foreign policy recognized and which I submit our own foreign policy also recognized or we would not be in NATO? If there is a Communist threat to the West, either in being or apprehended, can these critical Canadians mount an alternative countervailing force, or do they think the West is worth preserving? If they do not think the West is worth preserving, then by what standards do they want to live?

I submit that they know little or no history. They forget that Americans were condemned for scuttling the League of Nations and ignoring their international responsibility between 1918 and 1938-39. They are now condemned for pouring their men and their treasure into policing a shaky world peace. The critics cannot have it both ways.

Let me give another example. After 1945 Europe was devastated. Its economic recovery was due to the industry of Europeans, but above all it was due to Marshall Aid which supplied the tools. Yet a few weeks ago, as Senator O'Leary pointed out, a delegation of European parliamentarians complained in this city that American influence was somewhat insidious. I must confess with Senator O'Leary that I too disliked this spectacle, and I thought to myself and actually said at one of the meetings, "I wonder what you were doing when Paul Hoffman was at work establishing the basis upon which the Marshall Plan worked in Europe?"

Let me give a further example. Foreign aid is avidly sought by every developing country in the world, and America has responded massively. Mistakes have probably been made, but the will to help underdeveloped countries has been generously demonstrated by the Americans. Yet what we hear from underdeveloped countries in their attitude towards this aid is, more than anything else, "Go home, Yankee!" Some day under the pressure of American public opinion, the elephant will roll over.

Hollywood, in its methods and in its mores, can be magnificent and depraved. America radio and television programs can be beamed to the lowest common denominator. They can be tedious, they can be over-commercialized. Yet at times they can be superb. In an open society, in a mixed and free economy, I ask is this not inevitable? Certainly it is true of our own institutions in the same field, for our society is also open and mixed and free.

I do not intend to repeat the views expressed by Senator Manning on the importance to Canada of foreign investment, and on the dangers inherent in making the investment climate in this country inhospitable to foreigners. We must keep our eye upon the ball. If we do, the elements of the game will fall into place.

I do not propose to repeat any of those parts of my speech of November 3 in which I discussed the commercial value to Canada of our trade and economic relations with the United States. The statistics which I recorded at that time reveal the foundation of our own economic progress. If statistics are required on the enormous amount of United States control in certain parts of our economy, I would refer honourable senators to page 22 of the report of Standing Committee of the House of Commons on External Affairs and National Defence respecting Canada and U.S. relations, which was issued about a year ago, during the second session of this Parliament.

This, however, is not the issue. It is a by-product. Without investment we would be much more underdeveloped than we are, and our standard of living would be lower. How many of our people would be prepared to accept a standard of living as low as that which would develop without the infusion of foreign capital, whether it came from the United States or any other country? We must acknowledge that over the past 50 years we have had enormously rapid economic expansion in this country. It is reasonable to say that the trigger which started it, the main catalyst which made it operate, was our involvement in foreign wars and the infusion of foreign capital into our economy. Much good has come from this expansion, but there have also been disadvantages.

I may disagree with many of the conclusions of the report of the house committee to which I have referred, but I do agree with one. It said that a negative, destructive, vindictive attitude towards the United States or to any other foreign investment in this country is dangerous and could be disastrous. I agree further that our approach to the problem of foreign investment should be a positive one. We should approach the issue with our accustomed calm. Our appraisal of the problem should be as realistic as we can make it.

I am not impressed with charges that U.S. investment abroad is motivated by imperialism on the part of the American Government, the American people or American businessmen. In the kind of economy in which they operate, and in which we want to operate, they are doing their own thing, to use the current idiom. They are doing their own thing in respect of the economies of the West. Their energy, their know-how, their technology is superior to that of any other country. Studies made by OECD have found this to be the case.

I should like to say one other thing on that point. Their operations through multilateral corporations and otherwise in foreign economies is contagious, and if we could we would do the same thing to the maximum extent possible.

Honourable senators, I think this country is fortunate in that our closest neighbour, the most powerful country in the world, also happens to be our best friend. It also happens to be the most developed country in the world. Basically, if we examine the situation carefully, we know down deep in our hearts that we are the same kind of people. The number of personal ties between us through intermarriages alone, through family relationships, is

enormous. The Province of Quebec is often described as a self-contained, independent society. Yet in the United States, particularly in New England, there are over one million Americans of French-Canadian origin. In 1763 there were only 60,000 in this country.

Our professional ties are great; we have always had a demand made upon our medical people. Our scientific ties are great. Who will say that the work of our physicists, chemists, engineers, geologists, and mathematicians, does not inter-relate, correlate and supplement the work of their American counterparts? Our institutions of higher learning are mutually co-operative. I need not speak of our commercial relationships; I have already done that.

I simply conclude by saying that surely co-operation should be the watchword in our relations with our American friends, not carping, jealous criticism. Co-operation should govern the approach to Canada's relations with her southern neighbour.

On motion of Hon. Mr. Smith, for Hon. Mr. Langlois, debate adjourned.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY— SECOND READING

Hon. Herbert O. Sparrow moved the second reading of Bill S-21, respecting the Canadian Pacific Railway Company.

He said: Honourable senators, the purpose of this bill is to grant authority to the Canadian Pacific Railway Company to construct a branch line of railway a distance of approximately 62 miles. The extension is to begin at a point near Sergent, Saskatchewan, thence in a generally northerly direction to a point on the west side of the confluence of the Beaver and Dore Rivers in northern Saskatchewan.

The extended line when constructed will serve a new pulpmill which is to be built and operated by Athabaska Forest Industries Ltd. on a site approximately 160 miles north of the City of North Battleford, and approximately 60 miles north of the town of Meadow Lake.

The Canadian Pacific Railway Company must come to Parliament for authority to construct this branch line because they do not have the necessary corporate powers, and section 183 of the Railway Act only permits railway companies to construct branch lines not exceeding 20 miles in length.

The estimated cost of the rail line extension is $6,500,000, of which approximately 60 per cent will be expended in the Province of Saskatchewan. The remaining 40 per cent will be made up almost entirely by the cost of materials that must be purchased outside the Province of Saskatchewan. A work force of up to 150 persons will be employed in the construction of the line.

To serve the requirements of the new pulpmill for construction and product movement the extended rail line must be completed by June 1972. Owing to the particular terrain which must be crossed and adverse weather conditions the construction of the line is expected to take one year. It is, therefore, important that parliamentary approval be given at an early date so that construction can begin towards the end of June of this year to meet the June 1972 deadline.

The only feasible and economic method of transporting the anticipated production of the new mill is by railroad. Transport other than by railroad would involve expensive multiple handling. In addition, due to lack of adequate highway access and severe winter conditions in the area, highway service would be inadequate and erratic.

Without the foresight shown by the Canadian Pacific Railway Company, its optimism about the economic viability of the new mill, its faith in the future of Saskatchewan and its north, and its co-operation in the planning of the project, this very important industry for the Province of Saskatchewan would not be possible. The new pulp mill will be the largest single economic development ever in the Province of Saskatchewan. It will be the largest pulp mill in Canada and possibly the largest in North America. It will be 50 per cent larger than the Prince Albert pulp mill, which is owned and successfully operated by the same shareholders. The company is owned 70 per cent by Parsons and Whitemore of New York and 30 per cent by the Province of Saskatchewan. The capacity of the mill will be 1,400 tons per day, or 450,000 tons per year.

Construction is to begin during the month of June 1972, and will be completed about 32 months thereafter. The cost of the mill and equipment is estimated to be $117,700,000, and with start-up fees and working capital, the total cost will be $143 million. The equity capital includes $16,800,000 from Parsons and Whitemore, who own 70 per cent of the shares of the company, and $7,200,000 from the Province of Saskatchewan which owns 30 per cent of the shares. A federal Government regional incentive grant of $12 million has been approved for the project. An additional $107 million will be raised on the money markets of Canada and the United States. The estimated overall investment in the total complex is expected to be in the neighbourhood of $177 million when the additional costs of rail services, communications, roads and townsite planning are taken into consideration.

A vigorous reforestation program will be pursued by Athabaska and the Department of National Resources of the Province of Saskatchewan, which will replace as much spruce, pine and aspen as will be cut. The silviculture and harvesting methods to be employed will ensure sufficient timber to supply the mill in perpetuity.

Air and water pollution has been an ever-present problem in the pulp industry due to the extensive use of chemicals and the heavy demand for water in the pulp-making process. These problems have been taken into consideration in this new mill. The budget includes $10 million for pollution control. The newest methods of environmental protection and pollution control will be used, and these will ensure the mill will have no adverse effects on plant, animal or fish life. All federal and provincial regulations pertaining to pollution will be met or exceeded.

In terms of economic impact on Saskatchewan, the results are anticipated to be as follows: The new company will spend $15 million annually for wages in the mill and woods operation, and $1,500,000 annually for stumpage fees, education and hospitalization taxes, and other taxes to the Province of Saskatchewan. During construction an additional $2 million in education and hospitalization taxes will flow to provincial government coffers. A total of $22 million will be paid annually to contractors and others who cut and deliver wood to the mill; $4 million will be spent annually for chemicals manufactured in Saskatchewan, and a further $2 million for chemicals manufactured in Alberta and Manitoba; up to $2 million will be paid annually to the Government of Saskatchewan through its power corporation for gas; an additional $1,400,000 will be spent annually in Saskatchewan for maintenance and repair materials. The annual expenditure on the foregoing items totals $48 million. The project will employ up to 1,200 people during construction, and when in operation it will employ up to 1,250 in the mill and woods operation. Under the agreement for development, approximately 20 per cent of the employees will be citizens of Indian ancestry, many of whom have never had an opportunity for gainful employment in the past. An additional 450 to 500 jobs will be created in complementary services for the mill in the new townsite to be created, which will have an estimated population of up to 5,000 people.

Perhaps I have gone into greater detail pertaining to the mill to be served by the railroad than was necessary, but I wanted to bring to the attention of the house the great value this industry will have to the people of Saskatchewan. This value can be realized only by the extension of the rail line to serve the new mill. I cannot recommend too strongly the passage of this bill at an early date. If it receives second reading, it is my intention to move that it be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Sparrow, bill referred to the Standing Senate Committee on Transport and Communications.

SUSPENSION OF RULE 95

Hon. Mr. Sparrow: Honourable senators, I move, with leave of the Senate, and notwithstanding Rule 45(1)(a):

> That Rule 95, whereby a private bill originating in the Senate shall not be considered by a committee until after one week from the date of referral, be suspended with respect to the Bill S-21, intituled: "An Act respecting Canadian Pacific Railway Company".

The Hon. the Speaker: Honourable senators, this can be done with leave under Rule 3, but to avoid the problems we had last week, before I put the motion I should like to put this question: Is it agreed that the honourable Senator Sparrow has leave to proceed with his motion?

Hon. Mr. Flynn: To prevent the problems we had last week, I would ask Senator Sparrow to explain why he wants leave, and to say whether all interested parties will be given notice in due course of the study of this bill in committee.

Hon. Mr. Sparrow: Honourable senators, the second reading of this bill was to have been last Thursday, but as the Senate did not sit on that day it had to be delayed until today. It is hoped that the Standing Senate Committee on Transport and Communications will meet next Thursday morning at 11 o'clock to consider this bill. All interested parties have been notified of the hearing on that date which, of course, will have to be cancelled if the Senate does not give leave.

There is some urgency in passing the bill. I referred to this urgency in my speech on second reading, and I will elaborate on it a little further. If the pulp mill is to be built on schedule, the railway line must be completed by the end of June, 1972. The CPR estimates that it will take a full twelve months to construct the line. If that is the case, it means they would have to begin construction during the month of June, 1971—this coming month. If Parliament adjourns at the end of June and the bill has not passed through all its stages at that time, it will mean a very harmful delay to the construction of the pulp mill itself.

If any further explanation is required, I should be pleased to give it.

The Hon. the Speaker: Is leave granted to the honourable Senator Sparrow to proceed with this motion?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Sparrow, seconded by the honourable Senator Boucher, that Rule 95, whereby a private bill originating in the Senate shall not be considered by a committee until after one week from the date of referral, be suspended with respect to the Bill S-21, intituled: "An act respecting Canadian Pacific Railway Company". Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

URBAN AFFAIRS

PROBLEMS AND PROSPECTS—DEBATE ADJOURNED

Leave having been given to revert to Inquiries:

Hon. Andrew Thompson rose pursuant to notice:

> That he will call the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.

He said: Honourable senators, at the outset I know we all appreciate that academic studies which reflect

scholarly analysis are often shrouded in a solemnity of heavy professional jargon. This Lithwick report is no exception. Yet it is exciting reading, hitting out at the ineptitude of government policies, with sharp jabs like those of a Joe Louis, predicting like a biblical Jeremiah about our forthcoming harsh urban plight, and pointing us upwards toward the options for a better life with all the fierce idealism of a Sir Thomas More.

Our cities are more than the magnetism of the market place. They are the fulfillment of a collective, restless, often ruthless, energy. Let us look at some of the concepts being developed in cities. Urban spines, massive concrete buildings for 100,000 people, set on platforms under two-mile long main streets—that is the design for Chicago. Another is a mile long linear city which could stretch up to 20 miles in multi-tiers above and astride the narrow ribbon of a throughway—that is a plan for New Jersey's crowded metropolitan corridor. Buckminster Fuller made a plan for cable-hung buildings suspended from a central mast.

Some of these are now more reality than dreams. I think most of us are aware, for example, of the circular city, divided into sections—for finance, shopping, even for Bohemian districts—which is the concept of the satellite city of Reston or Germantown outside Washington. This satellite town calls for rapid transit and expressways which, like spokes of a wheel from the centre of Washington, will serve a dozen similar satellites.

The search always is to divert the gluttonous appetite for space of bludgeoning cities which sprawl and skyscrape up and out from their centre cores.

One ravisher of this precious space is the automobile, which devours approximately 30 per cent of the total land area of the average city. Again the creative imagination of planners is reaching out to find better approaches by which the automobile will be moved. Some of the approaches planned are, for example, similar to the departmental store tubes that we remember, where the cash was sent from one floor to the next by a tube. These would be enormous pipelines by which people could be sucked, in their vehicles, to their destinations. Another plan calls for aircraft to fly along a controlled circuit at an altitude of less than one inch. These are some of the future transport systems being looked at.

The city is where most of our creative energy is generated. It is the mirror which reflects our diverse and expanding ambitions. It is also the focus of a disgraceful greed and inhumanity. Often one will see a place where are displayed the masterpieces of our civilization, and just a stone's throw away there will be people living in abject squalor.

I congratulate the Honourable Robert Andras, minister responsible for housing and urban affairs, for initiating this study which, he says, comprises "a comprehensive overview of Canada's urban problems and analyzes the separately known aspects of urban life in a total content as they affect each other."

[Hon. Mr. Thompson.]

I compliment Dr. Lithwick, an economist at Carleton University. His task was made formidable by the wasteland of urban research in Canada. Rather than repeat constantly my acknowledgement of his work, let me say that for the most part I intend to quote freely and verbatim from his study.

Honourable senators, at the outset I must also declare my own association, both with a planning company and with a land development company in Toronto. Prior to becoming a member of the Ontario Legislature, I would have appreciated such opportunities to learn at first hand of the problems and the challenges of the construction industry. It is a vital industry to Canada which this year may, directly or indirectly, create between 140,000 to 150,000 man years of employment through the economy.

To follow logically the procedure of declaring personal interest in this subject, I should admit to being a home owner, a car owner, and, indeed, a Canadian citizen, breathing the air and gazing at the landscape.

The implications of the Lithwick study affect every Canadian, whether he resides in the far reaches of the north or in the centre core of a major city. The viability and vitality of our cities sweep out and back in waves to reflect and create our economic, cultural and social climate.

What are Lithwick's predictions for the future growth of our cities? Only 28 years ahead, 73 per cent of all Canadians will be living in 12 major urban centres. Other forecasts suggest that up to 94 per cent of Canadians will have been drawn by the magnetism of the cities. It is suggested that Toronto will have a population of 6½ million, which amounts to an increase of 60,000 a year. Another 6⅓ million will be living in Montreal, with another 3 million residing in the dense urban corridor linking those two cities. Vancouver, which will have about 2½ million people, will be larger than either Toronto or Montreal is today. Five other centres will have grown to well over a million in population: Edmonton, Hamilton, Quebec City, Ottawa, and Winnipeg. Regina, will not grow as fast but will reach about 440,000 by the turn of the century. The same probably will apply to Halifax, an important assembly and shipping centre. To some, these predictions of bludgeoning population growth would suggest that our cities are on a suicidal course and increasingly will become scarcely fit to live in.

Lithwick concedes that we can look forward to the type of intractable situations presently facing major urban centres in the United States, but he pleads that for a number of our centres there is still time to develop urban policies. Indeed, the timing is important, because in the ensuing decades individual cities will grow to the maturity point at which they face serious urban problems. Therefore the timing provides for a staging of policies.

What are the processes which shape the urban system? The two main processes which shape the urban system as a result of expansion are housing and transportation. During the next 28 years four million housing units will be required for Vancouver, Montreal and Toronto. The traditional pastoral dream of the Canadian homeowner is to have at leat a 60-foot wide front lawn. I think this

symbolizes the ranch or farm meadow of our pioneer forefathers. Taking the crude minimum estimate of past high densities, which is 6,000 persons per square mile, the housing needs of today suggest for Toronto an additional requirement of 400 to 600 square miles in land area alone. The requirement for Montreal would be approximately the same. Vancouver, on the other hand, would require between 125 and 250 square miles additional land. The heaviest demand for single family units, which are more land intensive, will be made in the next ten year because of the high proportion of young couples in the population.

What are the future needs for transportation in these urban centres? Car mileage, which accounts for 70 per cent of the total road vehicle mileage, will slightly more than double. Fifty per cent of the total vehicle mileage will also be urban.

Lithwick looked at the various proposed innovations in transportation, such as the monorail, the moving belt, and the programmed module and computerized dial-a-bus system. He claims that because of the exorbitant cost of removing the existing transportation systems, drastic changes in transportation will not take place in the major metropolitan areas. Rather the automobile, offering the independence of stopping and turning into side streets, will continue in popularity. Its low cost of operation will be an attraction for travel in the low density areas and the extreme sprawl of the cities.

In this explosive era of technological change, Lithwick's steadfast faith in the automobile could be almost foolhardy. Innovations in city living can spread like a flash fire. Two years after electric trolleys were invented in the United States 51 cities were using them.

Despite whatever are the means of transportation, the costs for main intercity arteries will be about $9 billion and for urban freeways about $15 billion during the next three decades. Land costs will soar. We need only look to New York where a public housing unit costs $30,000, or about twice what it costs in Canada. The high cost of land will ultimately necessitate tight concrete canyons in and near the cores of cities.

What of the urban problems? Those usually cited are poverty, housing costs, transportation congestion, environmental decay including pollution, social unrest, and fiscal squeeze. The emptiness of Canadian research analysis and data and the absence of any urban model caused Lithwick to suggest that our urban crisis is more an article of faith than a well-understood phenomenon. Margaret Mead, just a few years ago, spoke similarly about urban research. She said that there was more research about a South Sea island than about any American city.

Lithwick's study focused in depth on the two most currently-stressed problem areas—housing and poverty. From his findings he boldly blasted government policy for concentrating on myths. Let me start with his attack on housing. Lithwick argues that governments have tended to confuse housing wants with housing needs. He says:

> People often want a home with a garden in the same way that they want a boat or a snowmobile.

His criticism becomes pointed when he asserts that between 1961 and 1966 there was a growing number of elderly people and independent young people whose needs and wants were directed more toward multiple-unit dwellings than toward homes. He argues that during that period the public sector, particularly CMHC, was promoting the purchase and construction of single detached homes. I would be more convinced if he had shown that during that period there was a glut of such homes on the market, or that a proportion of elderly or single independent people had reluctantly bought those homes.

Another refutation of Lithwick's criticism is contained in the Toronto *Telegram* of Friday, May 21. The *Telegram* points out that between 1961 and 1969 approximately 360,000 dwelling units were built in the City of Toronto, of which all but about 400 were apartment units. The article in the *Telegram* goes on to stress that family residences—that is, homes—should have been available rather than apartment units.

In his study Lithwick then questions the depth of an urban housing crisis during those years. To substantiate his arguments, he points out that during that period the increase in volume of sales of new cars was 55 per cent, while the increase in housing volume was only 44 per cent. He suggests then that these statistics indicate a change of taste away from home ownership. But let me suggest that new cars could have been bought by new homeowners as well as by existing homeowners.

However, Lithwick's further arguments against government housing policies are more incisive and worrisome, in my opinion. He shows that when governments were declaring a housing crisis the percentage of crowded households, defined as those in which there are more than one person per room in a dwelling, fell steadily from 15.4 per cent in 1961 to 11.9 per cent in 1968. In his criticism Lithwick suggests that urban renewal, designed to eliminate blight, caused the removal of more homes of low income groups than have been built under public housing programs. The rehabilitation of existing homes was largely ignored. He points out that the housing policy was based on a "trickling-down" approach to providing housing for the poor. It went like this: if enough new houses were built, the better-off would move to them leaving an adequate supply of decent housing for the poor. But the study states that the richer used more space, and nothing trickled down.

The report points out that a broad program of standardized new housing does not necessarily meet the requirements of the various sections of city dwellers. For example, instead of pulling down some of the large old homes in the centres of cities, these in fact have been turned into apartments, and may serve a very useful purpose for the flow of immigrants coming into the cities.

The massive construction of public housing was also criticized for being resisted by some of the poor, because it identified them clearly. It was also criticized by those living in the surrounding wealthier neighbourhoods. Not once, according to the study, in any of the solutions has there been a concerted effort to deal with the demand side; the concern was always about supply-

ing houses. Indeed, Lithwick suggests that if a number of the poor had in some way been given the financial means so that they themselves could choose housing, they would probably not have chosen some of the public housing projects that have been developed at such cost with the participation of the federal Government. He suggests that past governments, the Economic Council and the Hellyer Task Force on Housing all concentrated on the supply of new homes with the assumption that they would be needed and occupied and that, indeed, owning a home was the right of the Canadian citizen. He does not dismiss the importance of the supply side—and nor should we—when he points out the enormous demands for homes to be made by young people in the next decade.

Within five years $5 billion to $6 billion will be required annually to build 240,000 housing units each year. Certainly the Government cannot meet these financial demands. It also seems impossible that the traditional mortgage lenders of the private sector—the banks, the insurance companies and the mortgage companies—can do so either. It will require new financial mechanisms to attract this money. Mr. Andras, has, according to the newspapers, appointed another study group to research such proposals as a government mortgage bank, and the Real Estate Investment Trusts in the States. This latter financial vehicle may be the means by which the small investor in land development could enjoy the corporate advantages of expertise and high-level management. A superficial look at these trust companies would suggest the need in Canada for change in corporation tax and insurance laws. Certainly the present proposals of the White Paper would not provide much incentive to these small investors to invest in these trust companies if they were established.

I think that in banks and trust companies and, indeed, within a wide range of financial institutions, there must be a wealth of expertise which could make proposals about this complex challenge of financing our staggering housing needs. This should also present a challenge to the Senate.

Lithwick did not detail the supply aspect of housing. Certainly the Hellyer study previously had shown the morass of tangled housing regulations, and demonstrated the desperate need for stabilization in all factors—land, labour, material, money and taxes. Rather Lithwick stressed the present patchwork of housing policies across the nation, and then focused on the policies directed towards the nature of poverty in Canadian cities to prove their ineffectiveness. These policies, he stated, had tended to view the poor in the cities as people who could not find or hold jobs, or as people who held jobs which did not pay enough money to meet the cost of living in the city. He showed that the urban poor are, in fact, unemployable, that they are elderly and physically and mentally handicapped individuals, or single parents such as deserted wives. He asserted that these people are unable to work, and pointed out that job retraining and manpower policies may assist some of the urban poor, but do little for the overall urban poverty problem.

Lithwick stressed that the failure of public policy in dealing with urban housing and poverty is in part due to our inadequate perception of the root urban problems, and then emphasized the interdependence of urban problems. To illustrate this, housing is related to transportation and land use. These affect the urban poor, the quality of the environment and the fiscal resources of local governments, and these in turn have severe consequences for housing.

He points out that the interdevelopment between our cities reflects the total economy of our nation. The Toronto-Montreal corridor is already the home of four Canadians out of ten. It is where 64 per cent of all the cheques in Canada are cleared. Seven thousand persons travel daily between the two cities. Lithwick suggests there is more in common between the life styles and outlook of residents of separate large urban centres than between their respective adjoining rural areas. That observation could raise interesting questions about future trends in Confederation.

To worry about our cities has become a fashionable self-torture. Lithwick does not indulge in idle chatter. He zeroes in on the root of the problem, and, like most basic truths, it is simple. It is the relentless search for space.

He explains that the economic function of the city is to concentrate on a wide range of productive activities at the central point. When that space is filled, new industry is pushed further from the centre. More new industry, wanting close accessibility, bids for a central site from the present user. The price of the land goes up and the seller must then find new premises. If he finds land further out on the fringe, he bids up the price of that land.

His reallocation, when there is full employment, causes a demand for new labour. The newcomers require schools, housing and public services, and the price of land on the fringes again goes up. There is then an inflationary aspect built into the whole urban process related to this pressure for land.

Lithwick does more than describe the spiralling sprawl of cities. He analyses the types of industries which gravitate towards the centre, and the types and occupations of those residents who hold back or who are left stranded from the vast tidal wave of workers streaming out from the centre every evening. He analyses the manpower drain to the cities from and between provinces. His study predicts, somewhat glumly, government efforts toward any regional development program in areas other than on the inter-urban mainstream.

Someone once wrote that men may find God in nature, but when they look at cities they are viewing themselves. Must cities become like Burnett's *The Asphalt Jungle*? Aristotle held the view that people live in cities in order to live the good life. Who is responsible for shaping the image of the flourishing exciting city with its variety of options and its diversity of aesthetic and intangible values? Not those who are stranded in the centre cores.

Lithwick argues that such people do not have the necessary channels by which to articulate their desires.

To make his point he suggests that the centennial subsidies were largely for cultural centres for the urban elite.

What muscle have municipal governments? Perhaps I could read from the brief of Canada's 4,500 municipalities whose spokesman appeared before the Senate-Commons Committee on the Constitution:

> It is not unreasonable to suggest that the municipalities are now at the position in which the provinces found themselves somewhat earlier, that is, without resources for any realistic control of their own affairs in many areas of basic interest and responsibility.

That brief was a litany of 14 pages listing the oppressive 20 per cent obligation in health, welfare, education, housing, pollution and so on. Certainly the horrendous growth predictions of Lithwick will cause an epidemic of acute insomnia among city fathers from coast to coast if their meagre property tax base is not augmented.

However, there has been a shift of responsibility from municipalities upward to provincial and federal levels of government. In a mobile society this shift provides advantages. But there are also the disadvantages of remoteness and slow routine of far-away governments. What is the responsibility of provinces concerning the cities? The provinces, in the urban planning process, have to define goals, develop policies—concerning industrial location, population distribution, transportation, and national resource development, and set up institutional machinery to encourage optimum economic growth and social opportunity. Lithwick's study then examines the existing mechanisms which are set up by each province, and he analyses these from British Columbia to Newfoundland.

His examination shows that there are a variety of regional planning bodies across Canada, and individual departments of provincial governments, which influence directly the affairs of the cities. He suggests, and I quote from his study:

> What we have is a variety of institutions operating in relative isolation of all levels of government. While there is no reason to doubt the sound intention of these bodies, the net effect of such a chaotic approach has been a general failure to come to grips with the urban reality in which the nation now finds itself. As long as there are no agreed-upon goals there can be no meaningful co-ordination. Battles are bound to continue over such matters as constitutional authority and revenue needs because there is no context for these discussions. A meaningful urban policy framework can be developed only in the light of a national consensus about the problem, the objectives and the priorities.

I know that in the minds of some is the question whether the federal Government can constitutionally encroach upon the urban system.

Lithwick pointed out that the federal Government has already a major impact on our urban system. Much of this impact is unintended; rather it is in the spin-offs—I am quoting from a study—from other directed policies. Often these federal interventions in a complex urban system, with already severe problems, are more costly than is generally realized. First of all, directly, through CMHC, the federal Government has a direct urban focus. Certainly it has also in Ottawa, in the National Capital Commission. Lithwick cites other government agencies which have an effect on the cities: the National Harbours Board, the St. Lawrence Seaway Authority, the CNR, the Department of Transport, and the immigration and migration policy of the manpower and regional expansion programs.

Even the presence of various federal agencies in urban centres is enormous. Let me just give you some idea of the size of that presence: Halifax has a 10,000-employee payroll of $4⅓ million; Montreal has 21,674 employees with a payroll of $9½ million; Toronto has 17,000 employees with $7½ million payroll, and Vancouver has 10,000 employees with a payroll of $2½ million. Do not forget there are 27 federal departments and agencies operating scores of programs. They all have an impact on the urban scene. In addition, another aspect sometimes overlooked with respect to federal presence in cities is the taxes, or the grants in lieu of taxes for the federal landholdings and office space in the very hearts of cities. So there is already a federal presence which has a great influence on the shaping of our urban system.

Having described the challenge, the enormous bludgeon effect which will take place in the next three decades across Canada in our urban centres, and having pointed out some of the problems, Lithwick then asks what are the choices for us? He takes, first of all, one option. He suggests that we could cut off immigration, stop the flow from the rural areas into the cities. However, I am sure that he suggests this with tongue in cheek, because that is not a pattern which any government in Canada would permit. Then should we allow the unrestrained growth to continue across Canada? The Honourable Robert Andras answered this as follows, and I quote from the *Globe and Mail* editorial of Friday, May 21:

> It would be disastrous ... for a nation that is already sufficiently divided by geography to be further balkanized into a few giant city-states with their own surrounding agribusiness and industrial supporting lands—and with the rest of Canada existing in a kind of welfare-supported rustic poverty. That way lies the collapse of what we know as Canada. That is the way that, if current patterns are left to themselves, Canada is going.

Lithwick makes three suggestions concerning an approach to managing urban growth. First is a limiting of sprawl at the pressure points. The second is assisting growth where viable. Third is developing new communities. He emphasizes that the development of new community does not mean a dormitory city or a completely new city. It would be, rather, developing a community which would be integrated and yet be outside the urban stream.

Lithwick in his study has outlined a proposed framework by which to develop a national urban policy. That framework would be a forum where the interests of the various groups involved in an urban policy would be presented and where feasible plans would be drawn up. Assisting that forum would be an urban research institute. Local interests and the unique role of the provinces would have to be recognized. The minister already had a tri-level meeting in Winnipeg during April to consider the formation of such a body.

Lithwick's study purposely does not prescribe a set of urban goals with a clear blueprint for the good life in the future. Peter the Great suffered no such inhibitions when building St. Petersburg. I presume that neither did George Hausman, backed by Napoleon III, when he redesigned and rebuilt Paris. However, Lithwick states emphatically that there is no way "experts" should be asked to, or indeed entrusted to, program a whole future life style for Canadians. That is up to Canadians themselves. Canadians must themselves have an image of the good city in their own minds before they can build it. Lithwick's study, 260-odd pages—

Hon. Lionel Choquette: Dispense.

Hon. Mr. Thompson: I beg your pardon?

Hon. Mr. Choquette: I said 200 pages, dispense.

Hon. Mr. Thompson: This study provided a framework within which a discussion of our choices for a better city could be made clearer.

I suggest that we in the Senate, as well as other representatives of the public and also the public itself, owe this man great gratitude for what he has done to start a dialogue on the centres in which we and future generations of Canadians will live.

Hon. Mr. Desruisseaux: Honourable senators, I move the adjournment of the debate.

Hon. Mr. Martin: Honourable senators, the honourable Senator Thompson has initiated a useful debate, and I am fully expecting that, so encouraged, not only Senator Desruisseaux but Senator Choquette will take part in the debate. Perhaps Senator Beaubien, who is conferring with him tonight, ought to do the same.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 26, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Press Release issued by the Department of National Health and Welfare, dated May 26, 1971, respecting the Drug Quality Assurance Program, together with copies of a statement thereon by the Minister.

CONSUMER PACKAGING AND LABELLING BILL

REPORT OF COMMITTEE ADOPTED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-180, respecting the packaging, labelling, sale, importation and advertising of prepackaged and certain other products, and had directed that the bill be reported with the following amendments:

Page 2: Strike out lines 31 and 32 and substitute therefor the following:

"provisions of this Act that are applicable".

Page 6: Strike out lines 27 to 33, inclusive, and substitute therefor the following:

"product, the Minister shall seek the advice of at least one organization in Canada of consumers and one organization of dealers in that prepackaged product or class of prepackaged product and may seek the advice of the Standards Council of Canada or any organization in Canada engaged in standards formulation."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: With leave of the Senate and notwithstanding Rule 45(1)(c), I move that the report be adopted now.

The Hon. the Speaker: Honourable senators, has the honourable Senator Hayden leave to proceed with the adoption of the report now? Is leave given?

Hon. Senators: Agreed.

Hon. Salter A. Hayden: Honourable senators, as you know, two amendments were made to this bill in committee. Considerable evidence was heard, many representations were made, and a critical study was given of the bill.

The first amendment reflects the well-known attitude of the Senate, extending over a number of years, that it will not approve of legislation where power is given by regulation to change a particular bill or to change existing provisions in existing law.

Such a situation occurred in clause 3(1). We simply amended it so that we would not give authority to legislate by regulation, reserving to Parliament the right to legislate in relation to amendments or changes or additions to the law.

There were many requests from organizations in connection with clause 11 dealing with undue proliferation of sizes of containers. Power was being given to the minister to study the situation and to make recommendations regarding regulations, and power to the Governor in Council to approve those regulations. The dealer organizations—"dealer" including manufacturers, producers, et cetera—thought that there should be a right, not just a discretion, for consultation with the minister at the stage when these matters are under consideration. We therefore amended clause 11(2) to make it mandatory that the minister must consult with organizations of dealers and of consumers. In this way they have the opportunity to present their viewpoints to the minister. It is not a matter in which in his discretion he may or may not consult them.

The form or language of the amendments as contained in the report is that submitted by the minister when he appeared before the committee.

Report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill, as amended, be read the third time?

Hon Mr. Hayden moved that the bill, as amended, be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the inquiry of Hon. Mr. Manning, calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Hon. Richard J. Stanbury: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Stanbury shall speak now instead of the honourable Senator Langlois?

Hon. Senators: Agreed.

Hon. Mr. Stanbury: Honourable senators, a number of senators have already spoken in the debate initiated by the Honourable E. C. Manning with respect to Canada-United States relations. In spite of the warmth of our friendship with the people of the United States, which has been referred to by so many of the speakers, our relationship with our strong neighbour has been a matter of concern in Canada ever since the American Revolution. Every so often this has burst into a frenzy of public debate, with slogans anywhere from "No truck nor trade with the Yankees" to those of the present-day Committee for an Independent Canada. Our debate is a small, though I believe important, part of the public debate that has been going on intensively since Walter Gordon's first budget in 1963.

Naturally the debate has ranged from one extreme to the other. There are those alarmists who would say we are in danger of being taken over by the United States economically and politically tomorrow. On the other hand, there are alarmists who say that anything we do to establish our identity or our independence from the United States is unfair, immoral and dangerous. As is so frequently the case, it is the course of moderation that has rationality and reason to support it.

The fact is that Canada cannot be independent of the United States, because the United States is so dependent upon us. They must defend themselves, and to do so adequately they must have our co-operation. They must have an adequate supply of natural resources, and Canada is seen by them as the natural and most secure reservoir of material and resources on the North American continent. Here, too, they need our co-operation. They pay for our co-operation in defence by saving us defence costs of our own, and by pumping dollars into our economy through government and personnel expenditures. They pay for the natural resources by providing capital for their development, and by exchanging dollars for the products themselves. Those are about the only needs the Americans have that require our co-operation.

We, on the other hand, have needs from them. They include defence, technology and capital. We pay for those to some extent in dollars, and to some extent in the intangible feeling or recognition that our neighbour is bigger than we are, and because he is bigger we feel a natural sense of domination. My own philosophy is that none of these things means that we will eventually or inevitably become a part of the United States, as some people blithely predict. Of course, we know that "eventually" could be tomorrow, if the Americans decided that for military or resource purposes it was necessary for them to walk into Canada. On the other hand, "eventually" may be never, if we look upon things realistically and deal with them in that vein.

By "realistically" I mean that while Canadians may be prepared to make very substantial changes in attitudes and priorities in expenditures, it is most likely that we will continue to be bound together in terms of defence, and we will continue to be an integrated part of the North American community.

We are presently not prepared to give up either our standard of living or American technology and entertainment to change the situation and our investment priorities are such that we are dependent upon American capital to develop our resources and maintain our standard of living.

None of these things are immutable or unchangeable. I have just come home from Iran, which for much of its history has been dominated by one country or another. Just ten years ago they decided that they were not going to submit to domination by anyone in future. They began to develop friendly relationsips with all of their neighbours and indeed with many of the nations of the world, including Canada. Now they believe that aggression by any one nation would be opposed by all their other friends, and so their security lies in the friendship of many nations rather than in the patronage of one. A similar change of attitude in Canada might sometime mean that we would not feel ourselves so militarily dependent upon the United States.

We might eventually develop a commitment in Canadians to Canada, to a Canadian way of life, to a Canadian identity, to a Canadian culture, so that we will no longer feel that sense of domination which now rankles to some extent and prejudices our relationship with the Americans.

I think this has begun to happen, particularly since our centennial in 1967, and particularly since English-speaking and French-speaking Canadians have become more genuinely aware and concerned with each other's attitudes and more determined to build a country of our own.

While we have been dependent upon American capital to develop our resources, it is now clear that there is sufficient capital formation in Canada to fulfil our capital needs. The deficiency is in our financial institutions and our characteristic attitudes. We can perhaps do without American capital if Canadians are prepared to accept the formula and the regulations necessary to fulfil it—to see that Canadian capital goes into the areas where it is needed for national growth.

So I have used the word "realities" in terms of present conditions and present attitudes. I would not for a moment suggest that we can or should do nothing to change the situation if there is a national consensus to do so. But there are real obstacles in the way of such a consensus. While there is a general resentment of American domination, there is also the unwillingness to accept the consequences of specific programs to reduce that dominance.

We have a guilt complex which we have developed through our acceptance of the best of both worlds, particularly during the past ten years. We have been able to stay out of American wars and remain aloof from most of the American social upheaval. And yet we in Canada get the benefits of living adjacent to the American technology, economy, entertainment, and so on.

But in these dilemmas we are no different from other countries of the world. Any medium or smaller power in the world usually has much worse problems in its relationship with a major neighbour. There is nothing more hypocritical about our acceptance of the best of both

worlds than there is about any of the inconsistencies in the positions of other nations, or for that matter, of individuals. We are all hypocrites in the happy sense that we see no particular need to be consistent and we have great ability to rationalize our actions.

The present situation could probably go on forever quite happily as long as we recognize the legitimate needs of the Americans and are prepared to accept the natural consequences both good and bad. And that sounds to me very much like the formula which is being proposed by Senator Manning.

The difficulty is that Canadians in all provinces have apparently decided that they are not prepared to leave matters as they are or as they may become through an extension of the present trend. They have decided that they want to do something. But they differ greatly on the things they want to do. People in provinces like that of Senator Manning's, with their vast capital needs, are shocked at the suggestion that the flow of capital from sources which have become traditional be cut off. They think that is what the argument is all about. A province like Quebec, which has just begun to recognize its needs for capital, is shocked at the thought that the sources which have meant prosperity to other sections of Canada should now be denied to them. They think that that is what the argument is all about. The Waffle Group, who have found economic nationalism a useful emotional issue to pave the road towards the destruction of capitalism, think that that is what the argument is all about.

But all these arguments are divisive, unnecessary, unhelpful and in the total context ridiculous. The only objective upon which anyone has a mandate from the Canadian people is to build a viable Canada, earning the pride and respect of its own people from coast to coast and winning the intercourse of friendship and trade with those abroad.

John Diefenbaker had exactly the right idea with his "Vision of the North." The only trouble was that he was not able to put a skeleton into the plasma of his vision. Our present policy on the Arctic is one of the most constructive things that have been done for Canadian unity, because all Canadians have a piece of the Arctic immediately to their north, and they all see the Arctic as something that belongs to them in common. It is well worth the money we are spending and the relationships we are developing to become Arctic experts if it has a part in developing that sense of Canadian pride.

There are other areas where we could become pre-eminent and develop a sense of accomplishment. Communications is one. We have history to point to in the invention of the telephone by Alexander Graham Bell, and a folk custom in the fact that Canadians use the telephone more than any other people in the world. We have the modern fact that cable television has a very much higher percentage of penetration of Canadian homes now than it has anywhere else in the world. In the immediate future we shall have a satellite which will multiply our means of communication. We have maintained control over the electronic means of communication and in general we can be pre-eminent in that field.

If Mr. Diefenbaker had not destroyed the Avro Arrow we could probably have been pre-eminent in air and space travel by now. There are undoubtedly parts of that industry in which we still have a pre-eminence. There are rumours now of efforts by the Government to consolidate those parts and emphasize that pre-eminence.

We have a pre-eminence in the building and development of agricultural machinery. There is no reason why we should lose that pre-eminence to others.

There is probably no nation in the world to whom the management of resources is more important. Through the lead we have taken in ecological control, in oceanography, in new techniques of resource development and management, we may be able to help the world reverse its trend toward self-destruction.

These are fields of general interest to all Canadians in which we could attain a pre-eminence and be so seen by the rest of the world. These are the areas through which a sense of Canadian identity can be developed. But while we are building that Canadian identity and while we are acting positively, let us not close our eyes to the seriousness of some trends which have been developing within the country which, if not reversed, might eventually make it impossible for us to attain our objective.

In this sense the Committee for an Independent Canada—much as we may disagree with the necessity for its formation and some of its ideas—performs a useful function. It points out the areas where we must be on our guard. No other country in the world has non-resident controlled companies owning over 30 per cent of corporate assets, accounting for over 35 per cent of corporate sales and earning 45 per cent of corporate profits. And no other country in the world has over 80 per cent of its non-resident dominated companies controlled by the residents of one country. No other country in the world has its trade unions so heavily controlled by international unions whose interests are so often not only inimical to the interests of Canadian workers but also to those of the Canadian people. No other country in the world has the operating, personnel and trading policies of so many of its major corporations dictated by head offices in other countries and, at times, by governments of other countries.

We cannot ignore these facts. They may not all be important but, if we are not to be counted as country cousins, we must take steps to analyze them and to safeguard ourselves against the possibility of ill effects.

Professor Harry Johnson—who will, I understand, be giving evidence before one of our committees this afternoon—once an eminent figure in Canada and now Professor of Economics at the London School of Economics and at the University of Chicago, says that we are foolish to be worrying about the ownership of capital, but he does not suggest that we should be doing nothing about the other aspects of the matter. He says that one of the most important clarifications to emerge from the debate over foreign ownership of enterprise in Canada is that between privately motivated decisions of such enterprises and the control exercised by the government of the parent country. He says that Canadian science research

and development policy should be devoted to improving the ability of Canadians to do what they can already do well, and that if it does it will prove to be socially beneficial.

But all of these questions are those which have been occupying the Government in its study and analysis over the past two years. For instance, we have already decided that it is important for our transportation, communications, banking and other financial institutions to remain in the hands of Canadian-controlled companies. We have made certain *ad hoc* decisions with respect to extreme cases of alienation of important natural resources.

As the Honourable Herb Gray, the minister responsible for the Government's study and analysis of the problem, said last March:

> It seems to me the problem is largely, though not entirely, how to ensure that Canadians have sufficient control of their national economic environment to ensure that the decision-making of the private sector is responsive to Canadian national interests. Thus our policy must take into account the very large extent of foreign control over Canadian business. But it must also take account of the growing importance and power of the multi-national enterprise, whether it be controlled in Canada or abroad. It must make certain that all such firms be fully responsive to Canadian needs and aspirations.

He indicated that equally important was the extra-territorial application of foreign law in Canada. He pointed out that the aggregate savings generated from within Canada are sufficient to meet most Canadian needs and that the importation of unnecessary foreign capital had an undesirable upward pressure on the Canadian dollar, so that a great deal of the problem is in the role of our own financial markets and in the institutions that operate them. On the other hand, the House of Commons committee pointed out that foreign companies are using Canadian capital through domestic bank borrowings as a means of obtaining the equity in Canadian companies without providing the infusion of desirable debt capital.

Mr. Gray points out that when we import capital, we import much more—various kinds of technology, management skills, export markets or other valuable real resources that we lack. Besides, the new industry supported by foreign capital may be helpful to a particular community or region. All these factors must be evaluated in relation to our own indigenous strengths or weaknesses, both in the various sectors of the economy and the various regions of the country.

He also points out that there is the possibility that in the past we have had too great a willingness to depend upon the foreign entrepreneur and have failed to develop industries and technology ourselves. He suggests that it will be necessary to develop appropriate policies to encourage and strengthen indigenous Canadian development in all those sectors of the economy from which we are not clearly and obviously excluded by such things as sheer economy of scale of production, research administration, or problems of climate. This means the need for a sound industrial and resources development strategy, more effective competition policy, systematic attention to the development of Canadian technology and management, and improved performance of our financial institutions.

So the problem is complex, but it is not one from which we should shrink because of its complexity. The surgery must be delicate because we must remember that we have built one of the highest standards of living in the world on the basis of an open economy. If we are going to restrict it in any way, we must take compensating steps to reform our institutions and change characteristic attitudes of Canadians to fill whatever gap is left by whatever we exclude.

The course of wisdom is neither alarmism nor sanguinity. It is enlightened self-interest, preventing the worst, encouraging the best, and always calling upon ourselves to make the greater contribution.

On motion of Hon. Mr. Langlois, debate adjourned.

URBAN AFFAIRS

PROBLEMS AND PROSPECTS—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(Honourable Senator Desruisseaux).

Hon. Mr. Desruisseaux: Stand.

Hon. Mr. Langlois: Until June 2.

The Hon. the Speaker: Is it agreed, honourable senators, that this order stand until June 2?

Hon. Mr. Desruisseaux: Honourable senators, someone else might wish to speak on this order in the meantime, so for the time being I merely ask that the order stand.

Order stands.

COMBINES INVESTIGATION ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, May 18, the adjourned debate on the motion of Hon. Mr. Benidickson for the second reading of Bill S-17, to amend the Combines Investigation Act.

Hon. Thérèse F. Casgrain: Honourable senators, in rising to second the motion of Senator Benidickson for the second reading of Bill S-17, I trust that you will accept my remarks in the way I am saying them, with all humility.

I think that our banking system is one of the finest in the world, but like all human institutions it has also its failures. It is not perfect and it often does things that can be criticized.

I am speaking today not as a financial expert, and surely not as a bank director, but simply to express the ordinary Canadian's point of view on this serious subject of the increase in bank service charges which was put into effect on April 1. This increase is all the more surprising because of the fact that in recent years the banks have been making very substantial gains.

I have here a table prepared by the Prices and Incomes Commission. It shows an increase in bank profits from $203 million in 1965 to $529 million in 1970. I consider that to be a very substantial gain, one that has brought a return of 11.8 per cent to its shareholders. I wish that all stocks and bonds could provide such big returns.

Bank service charges have gone up. On personal cheques the service charge has been increased from 11 cents to 14 cents; for current accounts the service charge per entry has increased from 15 to 20 cents, and for acceptance of payments on behalf of other businesses such as oil companies and utility firms, the charge has increased from 15 to 20 cents.

When visiting a remote community in Quebec recently I spoke to a modest wage earner. He told me that he used to pay his bills by cheque, by mail, because he lived out of town, but he said he could no longer afford to do so. He pointed out that the new service charge of 14 cents per cheque, plus a 6 cents stamp to mail the cheque, brought the total cost of each cheque to 20 cents. He said it cost him less to go from place to place in his car and pay his bills in cash. This is an extremely serious matter. It affects not so much the profits of the big companies but rather the average, thrifty consumer of modest means.

Someone recently told me a story that I should like to repeat. It was that these banks are like umbrellas. You may borrow them from institutions, but you must return them to the banks if it rains. When we were young we were taught that to economize was a quality, that we should be careful how we spent our money, that we should deposit it in the bank and watch our savings grow. Banks pay interest on deposits and they lend money. Lately they have been paying between 3 per cent and 4½ per cent on personal deposits, but if you borrow they will charge you a high interest rate, up to 11 per cent. I telephoned one of the major banks this morning and was informed that the rate was up to 12 per cent. This certainly discourages any idea that I might have to borrow.

In a small town in my native province the office of a big utility, the Bell Telephone Company, has been removed. People who paid their telephone bills there now have to go to the bank or pay by cheque at a cost of 20 cents. It is a most unfortunate development, and people are alarmed by it and have made certain representations. I must say that I am surprised that the Bell Telephone Company has not maintained its office in this particular community, where much use is made of the telephone.

Honourable senators, the increase in bank service charges may be negligible to people who are well off, but to the average "Joe", particularly to the poor, it can add up to a large amount. If a person has 11 or 12 monthly bills for electricity, oil, rent, and so on, and he pays them by cheque, the service charge can amount to a lot.

I am not surprised that people all over Canada are indignant and are making a fuss about the increase in bank service charges. The banks argue that their service-charge income for handling out-of-town cheques has been abolished, and I agree that they have had a significant loss of revenue there, but the revenue from the increased services charges as of April 1 will more than make up for that loss.

There is another aspect that is difficult to understand. Instead of encouraging people to economize, to put their money in banks and avoid debt, the banks are doing the contrary. We see huge bank publicity campaigns inviting people to borrow and to spend more. One such advertisement reads:

> Je viens de rembourser mon emprunt... et je suis plus riche qu'avant!

That appeared in all French-speaking papers in my province, and probably in other newspapers across Canada. Another advertisement reads:

> Five of our managers: What are their views on loans?

The consumer is being encouraged to spend beyond his means. He borrows from the bank and he has to pay an interest rate that is often extremely high.

Another article that appeared in one of our English-language newspapers only yesterday was headed:

> You'll pay at least 11 per cent, no matter what.

A person has to pay 11 per cent interest on what he borrows from the bank but gets only 4.50 per cent on his deposits, which is a very small return. I consider Senator Benidickson's bill to be an excellent one, because it will prevent banks from getting together and forming a combine. It is a combine, because they all raised their service charges on April 1. What can the poor consumer think other than that he has been exploited?

Experience in life has shown me that other countries in the world have been torn to shreds by revolutions and have suffered from other unfortunate events. A person coming from such a part of the world said to me, "If only the people who possess would give a little and not be so greedy for huge profits, then perhaps we could say what you are able to say here in Canada, that we have a wonderful country of happy people."

I was disturbed when I learned that the banks had increased their service charge on cheques. This is not the only factor to consider; there is the increase in service charges in general. I hope, honourable senators, that we will be able to do something to stop this kind of monopoly, because it is becoming extremely dangerous.

I will not do what Senator Beaubien did, which was to compare our banking system with that in the United States. As I said at the beginning, I am not a financial expert. I am speaking as a simple citizen of Canada who is very aware of what is happening around her. I hope

that we will be able to prevent banks from increasing service charges in any way they want. I repeat, bank service charges are too high. Some will always argue that increased charges result from wage increases. I do not accept that statement, but that, of course, is another matter.

Generally, banks are wonderful institutions and I have great respect for them. Years ago there was a lot of trouble in the United States when the banks had been closed, and President Roosevelt had made his famous fireside chats. I was told that one of our important banking officials went to the United States a short time later, where a banquet was given in his honour. It was attended by many American bank directors. To honour the Canadian, they proposed drinking the health of the King. They all rose and drank to the toast. The Canadian then proposed a toast to President Roosevelt. No one moved; they did not like him. Then the Canadian said, "In that case we will drink to the post, not to the man." Everyone rose and drank.

I hope that we will not see such unfortunate events here, and that our banking system will remain what it is, a very respectable one. If we could eliminate this type of operation by a clause in the Combines Investigation Act, it would be a service to the nation. I find the Bank Act to be very good, but, as Senator Hayden emphasized, one of its clauses is quite vague. It does not tie the Government down to carrying out an inspection where there is doubt. All this is legal and financial. I do not pretend to know anything about it, but the whole thing has left me with a very hazy concept of what could happen to our banking system.

I beg of you, honourable senators, to consider these humble remarks. I make them because I would like to see our wonderful country stay as it is. But we are acting dangerously if we continue to raise the cost of living and encourage the consumer to spend money he does not have. I have risen today to underline what I consider to be a very serious situation. A service charge of 14 cents a cheque looks like nothing, but it can have far-reaching effects.

On motion of Hon. Mr. Benidickson, debate adjourned.

NORTHERN OIL AND GAS

GOVERNMENT TRANSPORTATION STUDY URGED—DEBATE CONTINUED

The Senate resumed from Tuesday, April 27, the adjourned debate on the motion of Hon. Mr. Argue:

> That this house opposes the Trans-Alaska pipeline and tanker project and urges the Government to proceed with the various economical and ecological feasibility studies of alternate routes and to report from time to time upon the most appropriate steps that in the Government's opinion may from time to time be taken to accomplish the prudent and efficient transportation of northern oil and gas.

[Hon. Mrs. Casgrain.]

AMENDMENT—DEBATE ADJOURNED

Hon. Leopold Langlois: Honourable senators, in amendment I move, seconded by Senator Smith, that the motion be not now adopted but that the subject matter thereof be referred to the Standing Senate Committee on Transport and Communications for consideration.

The Hon. the Speaker: It is moved by honourable Senator Argue, seconded by honourable Senator Macdonald:

> That this house opposes the Trans-Alaska pipeline and tanker project and urges the Government to proceed with the various economical and ecological feasibility studies of alternate routes and to report from time to time upon the most appropriate steps that in the Government's opinion may from time to time be taken to accomplish the prudent and efficient transportation of northern oil and gas.

In amendment to this motion it is moved by the honourable Senator Langlois, seconded by the honourable Senator Smith:

> That the motion be not now adopted but that the subject matter thereof be referred to the Standing Senate Committee on Transport and Communications for consideration.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

[*Translation*]

Hon. Mr. Langlois: Honourable senators, I do not intend to speak at length on this motion, because I feel that it does not require any further explanation.

This is a very important matter dealing with the national interests of the country. I do not think that it would be advisable to put the question, without having received the advice of a committee of this house following a thorough study of its substance.

It could surely be argued that the motion which I have just introduced should conclude with a reference to the referral of Senator's Argue motion to the Senate Committee on Foreign Affairs rather than to the Senate Committee on Transport and Communications, due to the international implications resulting from the construction of the proposed pipeline.

In this respect, I must say that our Standing Committee on Transport and Communications also has the necessary power to examine projects concerning transportation not only within the territorial limits of this country but also outside such limits, for instance shipping including coastal and ocean shipping.

Besides, I wish to add that Senator Argue's motion does not ask for support for the construction of a pipeline in Alaska but rather for an expression of this chamber's opinion on the matter, and it is also suggested that this chamber should oppose such a project.

I believe that, in these circumstances, our Standing Committee on Transport and Communications has full

powers to study the motion in question, which I commend to the kind consideration of this chamber.

[*English*]

Hon. Hazen Argue: Honourable senators, I am quite disappointed in the turn that this debate has taken. I was aware that there was going to be a motion referring the question to a committee. It was my assumption, in which I find I was wrong, that the motion, not the subject matter, would be referred to committee. As my friend, who is a long-term parliamentarian, knows, the terms of his amendment are negative. His motion in amendment that the subject matter be referred to the committee is just a polite way of killing the main motion; it is just a polite way of getting rid of what appears to be a delicate subject from the standpoint of Senator Langlois, who has now spoken in presenting his motion to the Senate.

I feel that my motion as it stands should recommend itself to the Senate. Had Senator Langlois' motion been to send my motion to a committee, at least we would have been dealing with the wording of the motion; the committee would, at least, have been deciding on the motion itself, and not the subject matter of the motion.

Canadians across the country are disturbed at the proposed Alaskan pipeline project with its tanker-carrying facilities, and the danger this poses to the environment of the west coast of Canada. From my reading of the *Debates* of the other place, I personally believe the members there are unanimously opposed to this project. As a matter of fact, the terms of my motion are somewhat similar to a motion discussed in the other place. Senator Macdonald, a member of the Opposition, was kind enough to second my motion, and to speak very eloquently in its support. As recently as May 4 Mr. Sharp, the Minister of External Affairs, said in the other place:

> The Canadian delegation pressed the point that, whatever precautions might be taken, oil accidents are likely to occur as was recently shown in the spill of diesel fuel in Puget Sound and in the collision of two tankers in San Francisco Bay.
>
> The Canadian delegation stressed the high cost of cleaning beaches, fishing gear, pleasure craft and the loss entailed from oil-fouled timber and pulpwood. They also pointed to the long-term damage to the growth prospects of the tourist industry which would obviously result from a change in the environmental quality of the waters off the west coast.

A committee of the other place is looking into this. Surely it should not be necessary for the Senate, first of all, to reject out of hand the terms in which the motion is made, and, secondly, to engage in what I am afraid will be an interminable study of the question without reaching any forthright conclusion that will make clear to the American authorities where the Senate stands. If I were in the United States and my position happened to be in support of this proposed pipeline, one of the things I could do would be to quote what is happening here today to show the way in which the Senate of Canada is waffling on this question—because that is what it is—in terms of the motion presented by Senator Langlois.

I do not know whether the Government is afraid the Senate might have an opinion. I do not know whether the Government really cares whether the Senate has an opinion on this question. But I would think an opinion of the Senate expressed in opposition to the proposed pipeline and in support of further studies of alternative routes, as my motion suggests, would be an important matter which would be given widespread publicity. It would generate widespread support in the United States for what I, at any rate, believe to be in fact the Government's position.

There are powerful people in the United States who agree with the terms of the motion I have presented. Those who want to preserve the environment are opposed to this pipeline. The Secretary of the Interior, Mr. Morton, from what I have read, is himself opposed to it. True enough, there are other important officials in the United States administration who are in support of this proposed pipeline. I understand that a decision is likely to be made in the United States by mid-September, so time is of the essence. It is important that this Senate consider this question. I think it is important that the Senate take a position. I would like to see that position taken in opposition, and taken unanimously.

Those who are in support of my motion and opposed to the pipeline travel in good company. Senator Muskie in the United States, who is said to be the front-running candidate for the Democratic presidential nomination, had this to say in a letter addressed to President Nixon which was quoted by the *Globe and Mail* on April 22:

> I believe you should instruct the Secretary of the Interior to deny their (the oil companies') permit application at once. Such a decision is necessary, indeed essential, if we are to prevent grave environmental damage.

That is an unequivocal position, a strong position, from one of the powerful men in the United States.

As I read the debates in the United States Congress, the American supporters of control of the environment, and of doing everything possible to keep clean air and pure water, are gaining in strength to the point where they may in fact win out on this issue. So strong are the opponents of environmental damage that the United States Senate has on two occasions, and now apparently on a final occasion, killed the proposal of the American administration to build a supersonic transport airplane. Why are we not as active on this issue of protecting the environment—one hundred per cent opposed to an action that our Government says will endanger the environment of the coast of British Columbia, opposed to an action as a result of which the Minister of External Affairs says, no matter how strong the precautions, there will be tankers spilling oil on the west coast within the next few years?

I think the Senate should take a strong position on this question. I would think we would do ourselves some good

too in the public mind if we took this position. I think we would get many commendations, and letters, wires and telephone calls in support of our position, and very few criticisms. But if we waffle, if we procrastinate, if we kill the terms of my motion by this fine, well known parliamentary procedure of sending not the substance but the subject matter to a committee, then I think we should, and will, receive some very sharp criticism from many parts of the country.

I remember an occasion some years ago when the other place decided to take a position on a very controversial question affecting Canada's relations with the United States, and I should like to read from the *Journals* of the other place of Wednesday, May 5, 1953. On, I believe, a supply motion, Mr. Donald Fleming, supported by the Mr. E. Davie Fulton—two prominent front bench Conservative members of Parliament—moved:

> That all the words after "That" to the end of the question be deleted and the following substituted therefor:
>
> "in view of the impending departure of the Prime Minister to Washington this House desires to record its opinion that further vigorous efforts should be made by the Government to bring about the removal of the restrictions imposed by the United States on the importation of Canadian Agricultural products, in violation of the General Agreement on Tariffs and Trade."

A far-ranging debate took place, and that motion received the support of members from all sides of the house on that day, even though it was highly critical, and in strong terms, of the American position of restricting the importation of certain Canadian agricultural products in violation of the General Agreement on Tariffs and Trade.

Here I quote in part the remarks of the Right Honourable Louis St. Laurent, then Prime Minister. He is talking about the terms of the motion and there was a slight amendment later on. He said:

> I take it this was not intended to be a motion of no confidence;

It was on a supply bill.

> —it was intended to be an expression of the feeling of all members of Parliament that further vigorous efforts should be made by the Government to bring about a removal of these restrictions which are causing serious concern and even embarrassment.

He want on to say:

> It would be quite helpful if a unanimous expression of opinion were registered in this house before I have these interviews that I am looking forward to with the President, the Secretary of State and perhaps other members of the Administration and, I hope, some member of the United States Senate and Congress.

I think the House of Commons was wise in the action it took that day, and in the motion it passed.

[Hon. Mr. Argue.]

I presented this motion in a responsible way. I think the motion is a good one. Not many senators have spoken on it, but those who did spoke favourably. They represented both parties. I think it would be a constructive move, helpful to the Prime Minister in dealing with the United States Government, to pass the motion in the terms in which it was presented to the Senate, and not allow it to be shunted off and killed by this well-known parliamentary device of moving that the subject matter, rather than the motion itself, be referred to a committee. If the administration in the Senate should persist in carrying out its stated intention to send it to the Standing Senate Committee on Transport and Communications I hope I may be placed on that committee.

Hon. Mr. Martin: Yes.

Hon. Mr. Argue: I know it will be tough, but I will do everything I can to have that committee come to a conclusion—

Hon. Mr. Langlois: That is the way we want you to be.

Hon. Mr. Argue: —in a relatively short time, and report its conclusion back to the Senate, and thus let the Senate take a position on this question. Let us hope that we can come together with the people who are protecting the environment around this continent, and make a constructive contribution to what I believe is the Government's general policy in this connection.

Hon. Ernest C. Manning: Honourable senators, in view of the proposal we have heard this afternoon, and particularly the comments of Senator Argue, I would like to suggest that the manner in which we dispose of this question should be decided by the objectives that we want to accomplish. If our intention is to do nothing more than make a meaningless gesture that may be politically popular, but which will not accomplish anything beyond that, the motion as it is before us could be proceeded with and passed.

Personally, I could not support the motion as it appears on the Order Paper, not because I have any less concern for the ecology of the west coast of Canada than anybody else, but simply because in my view this is not the way we are going to resolve that problem.

First of all, we must keep in mind that what is proposed by the Americans is the building of a pipeline entirely within their own country and, therefore, entirely within their own jurisdiction. Its terminal outlet is at an American seaport, where the oil can be loaded into American or other tankers which can move to the high seas and transport the oil to another American port to be unloaded and used for domestic consumption. If in the route they choose they decide they want to use Canadian territorial waters, then that is another question because Canada has complete autonomy to deal with any shipping within its territorial waters. But Canada certainly has no authority to deal with the shipment of any cargo once it is on the high seas. This makes it clear that, if we want to do something constructive to alter the proposed method of moving North Slope oil from Alaska to a

United States port south of the 49th parallel, the only way we can do so is by carrying out the judgment of the American authorities that some alternative method would be preferable to the one they are proposing.

We are not going to accomplish that by taking a negative attitude and saying simply that we are opposed to it. That is what the first part of the motion says. The second portion deals with the study of alternate routes or methods of transport. That is a separate subject altogether and has nothing to do with the first.

Perhaps we can appreciate what would be the normal reaction to this motion on the part of the American authorities if we reverse the process. Suppose in western Canada we wanted to build a pipeline from Edmonton to the west coast at Prince Rupert, from which we would be loading tankers, say, to go to Japan taking the north route by Alaska and the Aleutian Islands and thereby involving American ownership and interest. I feel quite certain that if any legislative body in the United States passed a resolution saying that they opposed our building a pipeline from Edmonton to the west coast of Canada, the immediate Canadian reaction would be, "Thank you, but that is none of your business. It is in our territory, and we will build it precisely where we like," and they would get nowhere.

On the other hand, if they said, "We are concerned about this, because of its possible effect on our territory, and we would like an opportunity to discuss it on the basis of our concern and suggest an alternative method whereby you could accomplish what you want to achieve without creating a problem for us", I think we would be receptive to such a request, and I believe they would be receptive to that kind of proposition from us. Merely taking a negative attitude when we are dealing with something that is 100 per cent within the jurisdiction of another country is more likely to prejudice our case than to help it in any way.

In this respect I think the first part of the motion is poorly worded, and if passed will be detrimental to Canada's interests rather than helpful.

We should not lose sight of the fact that every day scores of tankers are loaded with products in the seaports of Canada and the United States and move up and down the coasts. The hazards they create are practically the same as the hazards in this case. It may be that the waters are a little rougher off the west coast of British Columbia, but that is not significant.

It seems to me that to single out one particular source of oil and one particular port from the scores of ports where tankers are loaded and from which they move up and down the coasts of North America as a proposal the Senate of Canada ought to oppose is taking this matter out of all proper perspective and would make us look almost ridiculous in the eyes of the world. I do not want to belabour this matter, but if we are really concerned about getting some alternative method of moving North Slope oil from Alaska to states south of the 49th parallel, we will make the best progress by having the Government of Canada ask the American authorities for an opportunity to sit down at a conference table for a mutual discussion of our concern. But no progress will be made by mere negative opposition in a matter in which we have no jurisdiction.

Hon. J. Harper Prowse: Honourable senators, Senator Manning has made a most interesting suggestion. There is no argument with the logic of his statement that we probably have no jurisdiction over what the Americans do on the high seas. But if what the Americans do on the high seas creates a danger to the territory of Canada, we not only have a right to make a protest but, I submit, we have the duty to make a protest, and that is what this is.

Some Hon. Senators: Hear, hear!

Hon. Mr. Prowse: The Americans are not averse to listening to protests. The one thing that the smaller nations of the world have going for them today in respect of the United States is that that country is becoming increasingly sensitive to public opinion throughout the world. That they are sensitive may be their great weakness, but that fact is there and we should not forget it. It may be that the one protection we have for our independence is their concern for their public image in the world.

When the United States decide that for a commercial purpose they are going to disregard any threat that their actions may have to the territory and well-being of Canada, then we have a responsibility to our people to stand up and speak clearly and be counted and say that we will not countenance such action. We should use every means at our disposal to bolster our position, even though that may merely mean we simply fall back on our ability to appeal to world opinion.

Perhaps it would be wise to distinguish between Americans and the international corporations with which we are concerned here, because they are supra-national bodies which owe no loyalty to anybody but themselves and their management groups. They owe hardly any loyalty even to their shareholders. And do you think for one moment that the American Government would be more concerned with those companies than it would with the goodwill of the Canadian people?

I do not think the American government has demonstrated a belief that it has the right to disregard the wishes or the welfare and well-being of the Canadian people, but if they did think they had that right, then we should certainly start now to appeal to the world court of public opinion.

About a month and a half ago, I brought forward a motion suggesting that we should consider whether the raise in oil prices had not changed the situation within Canada so that instead of importing more than 50 per cent of the oil we consume we should consider that the time had come when it would be advisable for us to make available to the western oil producing areas of Canada the markets of eastern Canada and the Maritimes.

I withdrew that motion because for one thing the Prices and Incomes Commission had already instituted its own inquiry and had at its disposal all of the experts and material with respect to the price position. For another thing, the National Energy Board had also embarked

upon an inquiry into the whole business of the integration of our energy resources into the markets that may be available to us on this continent. Had I proceeded with my motion and had the house given its authority to proceed and to follow through with the investigation, we would thus have been competing with those other bodies for the experts who would be available as witnesses and for the assistants necessary to such an investigation. This would have meant an unnecessary duplication of work, the results of which would be available to us later in any event.

But the motion moved by the honourable Senator Langlois is nothing but a hollow and obvious attempt to close this subject out. It is now May 26. The committee that has been suggested we set up here could not be in operation by the time the house adjourns for the summer recess. But even if people were to stay here and we were able to set the committee up, we could hardly begin hearings at that time.

Hon. Mr. Langlois: It is a standing committee.

Hon. Mr. Prowse: The standing committee is there all right, but the standing committee will hear what? The standing committee of the other place has been concerned with this subject matter for the last five or six months. Are we merely going to duplicate what they are doing now? How could you justify the expense of bringing the witnesses? How would you justify the use of people's time in doing something that has already been done? We could achieve the purpose of the amendment which is put in here simply by reading through the reports of the committee in the other place.

All my honourable friend from Saskatchewan wanted to do was to have us give an expression of opinion which might be helpful to those people. He was not suggesting that we should get into the expensive kind of investigation which would be involved here and which would be not simply a duplication but a quadruplication of the work that is already being done. I say it would be a quadruplication because we have first the Prices and Incomes Commission, then the National Energy Board, then the committee of the other place, and now you are asking for the same thing to be done here to cover the same ground. By what possible justification could we explain that quadruplication of expense to the public or even to ourselves?

Honourable senators, this is a hollow and shallow device for shelving an opportunity for this house to express an opinion on a matter of importance to Canadians. A line to Churchill, as the honourable Senator Manning mentioned, would not pass through American territory; a line to Prince Rupert would not endanger any American territory, but a tanker route from Valdez to Anacortes, coming in through the narrow Juan de Fuca Strait, around the south of Vancouver Island, not only ends up going through Canadian waters but ends up threatening the finest beaches and recreation areas we have in this country.

Do not be deceived by the "man of straw" that is being thrown at you. Do not be deceived or led astray by the unwillingness of people who should be able to face simple facts, and let us remember that an expression from this house would be welcomed and considered carefully by the Senate and House of Representatives of the United States. Because we are the ones who are threatened most, we would merely be joining with the conservation people down there in attempting to see that we keep this country for ourselves and protect it for our children.

Hon. Mr. Rattenbury: I would like to ask my honourable friend a question. I believe that he failed to make one point, or if he made it I did not understand it. Is he putting the kiss of death on any method of getting the oil out, or just on the one that would move it through Canadian waters?

Hon. Mr. Prowse: We are saying that we oppose the presently proposed route from Valdez straight down the coast. There are two alternatives. First, they could follow the meridian, south to a point 400 miles off Seattle and come straight in, because the line runs through Honolulu. If they stayed well away from Canadian waters and came into an American port so that they did not threaten us, this would not cover the situation. Or, when we find out how to build a pipeline down the Mackenzie Valley, they could use that route, because a pipeline using that route is going to be built eventually. The question is as to when and how.

They do not need the oil today in the United States. They are getting by very well, and if they are really stuck they can buy more of ours and they will get it at a cheaper price than they would have to pay for Alaskan oil in the long run.

I am suggesting that right now we have the right to say we are opposed to what they intend to do, moving the oil from Valdez down to Anacortes, because they cannot get into port without presenting a threat to us, one which will increase as these ships become larger and as the traffic becomes heavier. In a speech I made a short time ago I pointed out that one-seventh of the ships on the high seas are involved in collisions every year. As increasing volumes of oil are moved, this threat becomes greater. Why should we expose ourselves to this threat when it is not necessary so to do?

Hon. Mr. Rattenbury: I would suggest to the honourable senator that he still has not made a good point, in my opinion. Among the most difficult waters of the world to navigate are the English Channel and the North Sea. The largest ships in the world go into Holland; and Bantry Bay is not any picnic from the navigator's viewpoint. Indeed, the Bay of Fundy is a rather hazardous stretch of water, and some of the larger ships in the world navigate that stretch. Even if you go out around Hawaii, you would still have to come inshore some time, and the danger arises when you do that, not when you are off the coastline.

Hon. Mr. Prowse: If they come into Seattle they miss Canadian waters. Anacortes is south of Vancouver, and you get into it by coming down around Vancouver Island and going up Juan de Fuca Strait. Any pollution there is

going to ruin the Vancouver beaches and the southern part of Vancouver Island, which is Canada's California.

Hon. Mr. Rattenbury: Are you concerned about the protection of the ecology on a world basic or only of our own?

Hon. Mr. Prowse: If the Americans cannot look after their ecology, we cannot help them but we can certainly look after our own.

Hon. Paul Desruisseaux: Honourable senators, I do not propose to discuss this subject at the present time, since it may be referred to committee, but I cannot help reflecting upon what has happened in eastern Canada, with Venezuelan oil coming into the St. Lawrence Seaway. I wonder if this should not be looked at in the same light. There are as many risks present in the St. Lawrence as on the west coast, and it becomes a question as to what can be done. I believe that the situation in eastern Canada should not be overlooked in any study involving the transportation of oil and gas. The beaches on our east coast were mentioned by Senator Rattenbury, and they are also important. Since a committee of this house will be studying this question, I believe it would be an appropriate time to bring this point up, and I shall do so.

Hon. Eugene A. Forsey: Honourable senators, I do not propose to occupy much time of the house on this matter. I want to say at once that I am entirely opposed to the amendment moved by the honourable Senator Langlois, for the reasons just stated with such eloquence by the honourable Senator Argue and by the honourable Senator Prowse.

I listened with great interest and respect to the weighty arguments of Senator Manning—or, I should say, what I at first considered to be weighty arguments—until he came to the words, "We have no jurisdiction to discuss this matter"—if I caught his words correctly—and I listened with astonishment to such a proposition being submitted to this house.

We have no jurisdiction to discuss this matter? No jurisdiction?

Hon. Mr. Manning: If I left the impression that we had no jurisdiction to discuss the matter, it was the furthest thing from my mind. I was saying that we had no jurisdiction over their pipeline or ships engaged in the movement of their oil.

Hon. Mr. Forsey: That does not change my opinion in the slightest degree. Of course, we do not have any legislative jurisdiction. Everyone is aware of that: it is a truism; it is axiomatic. But no one is proposing in this resolution, as I read it, any kind of legislative action. Of course, if we proposed legislative action to control something within the territory or the territorial waters of the United States, we should be talking through our hats. The thing would be null and void and of no effect. This is not what is proposed. What is proposed is an expression of opinion of this house on a matter which beyond question affects very greatly the interests of Canada, and especially a particularly important part of Canada. Surely we have the right to express an opinion on that?

There is nothing abusive in this resolution about the United States. It does not call them bandits or brigands. It merely says that a certain proposed action which might be taken by the United States is, in the judgment of the house, according to the resolution, one which ought not be taken because it threatens the interests of this country. Surely we have jurisdiction to express our opinion on this? Surely we have even a duty to express our opinion on this?

If the situation were reversed, it seems to me that it would be perfectly proper for the United States Senate or the House of Representatives to express a similar opinion in opposition to something proposed here that would affect their interests. If it were a matter of a pipeline from, was it, Edmonton to Churchill, that would be something which would not affect their interests. But if it were a pipeline which passed close to the shores of the United States and which threatened the ecology of a section of that country, then it seems to me that the United States would be perfectly entitled to say, "This is something which we oppose."

This would not be an interference with our autonomy. It would merely be a representation. A cat can look at a king; the Canadian cat can look at the American king, or these multi-national companies that have their headquarters in the United States.

It is our duty to express our opinion if we feel that the interests of Canada are being threatened. If we feel that this is perfectly harmless, that no Canadian interest is threatened and that it will amount to no more than the carrying of a few barrels of water down the coast of British Columbia, then it is not worth our while to express an opinion on it.

But from the little that I have read, and from what I have heard about it in the course of the debate in this house, this is something that does touch Canadian interests of some importance, and I can see no reason why we should not express our opinion either for or against. I can see no conceivable reason why, in view of the numerous investigations that are being carried on, to which Senator Prowse referred, we should consign this to a fresh investigation by a committee of this house.

No one has more respect than I for committees of this house. No one could have a higher opinion of the extraordinarily valuable and thorough work that they do. Let us not impose on them a task which is a work of mere supererogation, as the Anglican prayer book says, things that do not need to be done, things that are being done elsewhere.

Of course, if we think that investigations which are now being carried on are being carried on by people who are incompetent; if we think that the National Energy Board investigations are being carried on by people who are incompetent and that there will ensue nothing that is worthwhile; if we think that the investigations carried on by the committee of the other place are being carried on

by people who are incompetent and who will produce nothing of any value, this again is another question. But I hesitate to arrive at any such conclusion unless there is powerful evidence that such is the case.

In the circumstances I cannot see that there is anything to be gained by referring this matter to a committee, as Senator Langlois suggested, and I cannot see that any harm can be done by passing Senator Argue's motion. It seems to me that a great deal of good can be achieved by passing his motion, unless of course we are of the opinion that motions passed by this house are of no consequence and have no effect on public opinion here or elsewhere. That is a conclusion which I hesitate to draw.

I repeat that I am strongly opposed to the amendment and strongly in favour of the motion proposed by Senator Argue. I am unimpressed by the arguments that have been made against the motion.

Hon. Mr. Flynn: I move the adjournment of the debate on behalf of Hon. John M. Macdonald.

Hon. Mr. Langlois: Honourable senators, I would like to say that we are very much interested in having this motion sent to the committee as soon as possible.

Hon. Mr. Flynn: In any event, I take it that it could be done next Wednesday.

Hon. Mr. Stanbury: It would have the same effect.

Hon. Mr. Flynn: I would like to consider the effect of the motion made by Senator Langlois. As Senator Macdonald has seconded the motion, I would like to consult with him.

Hon. Mr. Langlois: I take objection to the remark of Senator Prowse when he said that we were trying to delay this motion from going to committee. On the contrary, the motion to adjourn the debate came from the Leader of the Opposition and not from this side of the house. As I said, we are very anxious to have this motion referred to the Standing Senate Committee on Transport and Communications.

On motion of Hon. Mr. Flynn, for Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 27, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

SENATE ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Speaker informed the Senate that, in accordance with Rule 112, the Clerk of the Senate had laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1970-71.

REFERRED TO COMMITTEE

Hon. Donald Smith: Honourable senators, I move:

That the Clerk's accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

GOVERNMENT ORGANIZATION BILL

FIRST READING

The Hon. the Speaker: informed the Senate that, a message had been received from the House of Commons with Bill C-207, respecting the organization of the Government of Canada and matters related or incidental thereto.

Bill read first time.

Hon. Donald Smith moved that the bill be placed on the Orders of the Day for second reading Tuesday next.

Motion agreed to.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY—REPORT OF COMMITTEE

Hon. J. Campbell Haig, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill S-21, respecting Canadian Pacific Railway Company, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Herbert O. Sparrow: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(b), I move third reading of the bill now.

23351—66

The Hon. the Speaker: Has the honourable Senator Sparrow leave to proceed with the third reading of this bill?

Hon. Mr. Molson: Might I ask the honourable Senator Sparrow if there is any need for haste?

Hon. Mr. Sparrow: Honourable senators, on Tuesday evening I gave the house an indication of the need for the urgency to pass this bill at an early stage. Perhaps Senator Molson was not here at the time, so I will repeat at least some of those reasons. There is some urgency over the passage of the bill by the Senate so that it can be considered in the other place. If this project is to proceed, the bill must be passed by both houses before the summer adjournment of Parliament. If the pulp mill is to be built on schedule, the railway line must be completed by June, 1972. As the railway is expected to take a year to build, it means that its construction must begin in June of this year. If there is any further explanation needed, I will be happy to give it.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, June 1, 1971, at 8 o'clock in the evening.

Motion agreed to.

RULES OF THE SENATE

SUSPENSION OF RULE 28—POINT OF ORDER

Hon. Jacques Flynn: Honourable senators, I rise on a point of order in relation to a problem which as yet has not arisen. I do so in order to give His Honour the Speaker and honourable senators time to consider the point. I listened to Senator Langlois yesterday when he moved his amendment to the motion of Senator Argue. As you know, we have decided that for the remainder of this session we would suspend Rule 28, which reads:

> A senator shall not speak twice to a question before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter.

In effect, this means that for the balance of the session we will experiment in allowing any senator to speak as often as he wishes on any bill or substantive motion.

However, we have not suspended Rules 29 and 30, which read as follows:

> 29. A senator who has moved the second reading of a bill or made a substantive motion shall have a right of final reply, but not otherwise.
>
> 30. The final reply provided for in rule 29 closes the debate. It is the duty of the Speaker to ensure that every senator wishing to speak has the opportunity to do so before the final reply.

Honourable senators, by suspending Rule 28 we have created a rather awkward situation. The sponsor of a bill, or the mover of a substantive motion, is put in an inferior position to any other senator. Any senator has the right to speak four, five, six or ten times, if he wishes, but the mover of a motion or the sponsor of a bill may not. On rising a second time, such a senator, under Rule 29 would be, in effect, closing the debate. It creates a rather difficult situation, and it puts the mover of a bill or of a substantive motion in rather an inferior position vis-à-vis the other members of the Senate, who may speak ten times if they wish. I therefore suggest to His Honour and to honourable members that consideration should be given to this question and to the desirability of having the Standing Senate Committee on Standing Rules and Orders meet to examine the problem.

The Hon. the Speaker: Honourable senators, I shall take the point under advisement. It may be that when the sitting resumes on Tuesday next I shall be in a position to give a detailed opinion on the point that has been raised by the Leader of the Opposition. At the moment, without prejudicing any decision I might come to after examining the matter more thoroughly, may I point out now that Rule 28, which has been suspended for the remainder of this session, mentions that a senator shall not speak twice. Thus, when we decided to suspend this rule I took for granted that its suspension would then allow an honourable senator to speak twice. I did not have the understanding that it meant an honourable senator could speak as often as he wished.

As I have implied, I merely throw that out as my first impression for your consideration. I will take the point under advisement until Tuesday next, but in the meantime I will hear the views of any honourable senator who wishes to speak on the point of order raised by the honourable Leader of the Opposition.

Hon. Mr. Choquette: Did the Leader of the Government not intend to speak on this point of order?

Hon. Mr. Martin: I enjoy receiving an invitation to speak from Senator Choquette. I would go further and say that there should be no restrictions imposed upon any honourable senator who finds himself in the situation in which Senator Argue now is. I think that he should have complete freedom to join in the thrust of debate, and I have no doubt that he can handle the situation with great credit to himself.

[Hon. Mr. Flynn.]

Hon. Mr. Choquette: I do not see that there can be any possibility of restriction, if we suspend that rule. Then we shall have to substitute another rule saying that only twice will he be able to speak, and not three or four times. So I do not see the slightest possibility of saying to an honourable senator, "Let it be understood, from now on, that this rule is suspended and senators are entitled to speak twice."

Hon. Mr. Martin: In saying that, I feel sure that Senator Choquette fails to take into account the fact that His Honour is, indeed, an able and ingenious Speaker.

Hon. Mr. Argue: Honourable senators, I appreciate the solicitude and magnanimity the Leader of the Government has evidenced in his being concerned that I should have the opportunity to speak many times. I do not want that opportunity, but merely to speak twice and close the debate.

DISTINGUISHED VISITORS IN THE SENATE GALLERY

PREMIER AND CABINET MINISTERS OF ANTIGUA

Hon. Paul Martin: Honourable senators, before we proceed I should like to take advantage of this moment to direct attention to the fact that the Premier of Antigua, the Honourable George Walter, and two of his ministers, the Honourable Donald Halstead and the Honourable Seldon Walter, are in our gallery.

Premier Walter took over the direction of the affairs of the Government of Antigua in the month of February. I reminded him a few moments ago of the very close interest and association that Canada has with his island country as with other Commonwealth countries in the Caribbean. I also pointed out to him that the Standing Senate Committee on Foreign Affairs had shown special interest in the Commonwealth Caribbean, as indicated by the thorough study it made last year of Canada-Caribbean relations.

We are very honoured to have Premier George Walter of Antigua and his colleagues within the precincts of Parliament today, and, more particularly, in the Senate. The Government of Canada is pleased to have them in Canada at this time.

CONSUMER PACKAGING AND LABELLING BILL

THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-180, respecting the packaging, labelling, sale, importation and advertising of prepackaged and certain other products.

Motion agreed to and bill, as amended, read third time and passed.

CANADIAN FILM INDUSTRY

FINANCING, DEVELOPMENT AND MARKETING—DEBATE CONTINUED

The Senate resumed from Wednesday, April 7, the adjourned debate on the inquiry of Hon. Mr. Desruisseaux, calling the attention of the Senate to the Canadian film industry.

Hon. Muriel McQ. Fergusson: Honourable senators, it is not because I have as much knowledge of the film industry as has Senator Desruisseaux, nor of the National Film Board as has Senator Cameron, that I am participating in the debate, but because Senator Desruisseaux, in his well-documented and thought-provoking speech on February 20 asked for the views of his colleagues on whether a committee of the Senate, either a special or standing committee, should inquire into the Canadian feature film industry and whether such a committee should study ways and means of helping to promote the rapid growth of this industry in Canada. In response to his request, and because I have for years been keenly interested in Canadian films, whether produced by the private sector or by the National Film Board, I wish to speak briefly on this subject.

I support Senator Desruisseaux's suggestion that such a Senate committee be appointed. With the resources of Canada, which were described by the late Lord Tweedsmuir, our former Governor General, as being unparalleled anywhere in the world, we should be able to find a way of promoting rapid growth of the Canadian feature film industry to enable it to compete successfully with such an industry anywhere in the world. I am hopeful that a Senate committee, with the expertise, business and finance experience of some of its members, may be able to suggest how this can be done.

Undoubtedly there are in Canada sufficient Canadians with the creative and technical skills necessary to produce the large number of Canadian films which a Canadian film industry, capable of existence and of extensive development, must require. The large number of Canadian actors, writers, producers and technicians who have made good in Hollywood gives credence to such a belief. Some of the delightful Canadian films which have been produced indicate that we have people other than actors who are talented in this field.

This was pointedly brought to my attention by an article in the Toronto *Star* of March 3, 1971, concerning a project of Henry Beckman, an actor, who appears regularly in American TV series such as *Peyton Place,* in which he did 50 episodes as George Anderson. He also appears in *Hogan's Heroes,* and earlier played the part of Big Mouth Mulligan in *I'm Dickes, He's Fenster,* Colonel Harrigan in *McHale's Navy* and Captain Clancy in *Here 'Come the Brides.* These series are familiar to anyone who follows TV programs. Despite appearing in these American TV series, Mr. Beckman has retained his Canadian citizenship. He considers himself a Canadian actor although he has lived and worked in the United States very successfully for the past 25 years.

Henry Beckman's project is the promotion of a Canadian Film Stars' Hall of Fame to be established in Canada, preferably in his own home territory, the Maritimes. To justify such an undertaking, he mentions a few of the outstanding actors who might be included, such as Glen Ford, Gisèle Mackenzie, Melinda Montgomery, Arthur Hall and Raymond Burr—and if he had not been so modest he might have mentioned his own name.

Hon. Mr. Rattenbury: And Raymond Massey.

Hon. Mrs. Fergusson: I was about to mention him. I can think of many others, such as Walter Pidgeon and Raymond Massey. There are many more whom I will not name.

Hon. Mr. Connolly (Ottawa West): What about the ladies?

Hon. Mrs. Fergusson: Gisele Mackenzie and Melinda Montgomery are ladies.

A Senate committee, studying how the Canadian feature film industry might be expanded as rapidly as possible, might not support the idea of setting up a Canadian Film Stars' Hall of Fame, but the fact that there are enough outstanding Canadian film stars to justify such a suggestion is proof that persons with great talent as actors have been available in Canada but because of the absence of a strong film industry here they have been forced to go elsewhere to develop their talents and to receive the recognition which is their due. We have an almost unlimited supply of talented people in Canada.

The film industry requires the talents of many other people. Many writers, technicians and others who have contributed to the success of Hollywood films have come from Canada. The flight abroad of such artists and technicians continues despite our efforts to halt this trend. Such a flight takes with it profits and employment that might accrue to many Canadians if attractive opportunities were open for such artists and technicians to employ their talents profitably in our own country.

In addition to our human resources, we have in Canada landscape that could provide film scenery unexcelled anywhere in the world.

Canadian feature films should not only offer an opportunity for talented Canadians to develop their talents in Canada, and so provide work for many thousands of their countrymen and women, but should portray Canadian life, aspirations and culture both to our own people and to those beyond our borders.

Of the 623 films distributed to movie theatres in Canada in 1967, why is it that only eight or 1.3 per cent were from Canada? Of 643 films shown in 1968, only eight were from Canada, and of 623 films shown in 1969, again only eight were from Canada.

In 1970, with the help of the Canadian Film Development Board, the number of films was increased to 14. However, in order to make a real impact in Canada and abroad we need to produce many more. Jacques Godbout,

head of the National Film Board's French productions, said in 1969 that we required a lot of film to create a basis of culture. He said, "We need 30 films a year as a minimum to say that something is happening in Canada."

The Canadian Film Development Corporation, which was mentioned earlier in the debate, was established by legislation in 1967. When in 1964 the idea of establishing a fund to help Canadian feature film writers was first suggested by the then Secretary of State, some of the reasons given for such legislation were as follows:

> In cultural matters, a country cannot continually live by borrowing its material from others. It must set up itself the institutions it needs. A country must express itself by works of art and feel that its participation adds something to the common legacy of world culture...
>
> Of all the means of expressing himself and his ideas which are available to an artist today, the feature film is not only the most effective but also the most easily understood by the largest number of people around the world. It is in the world of the cinema that all the great questions of the day are asked; all the travails, the problems and the successes of mankind are portrayed...
>
> A country without a feature film industry lacks one of the basic forms of self-expression.
>
> A film industry, such as exists in France, in Italy, in the United Kingdom and in Japan, not only allows a nation to say what it has to say in the most easily understood medium of our era but to see itself, to see on the screen a reflection of its own country—and that, it seems to me, is a matter of great importance.

That is why it is all-important that we do all we can to promote the Canadian feature film industry and also the work of the National Film Board which, despite its many crises, has already brought such great credit to Canada. I would like to see the work of the Film Board greatly expanded. The recommendations of a Senate committee, following a study of this industry, might be the basis of such promotion and expansion.

The terms of reference of such a committee should be wide enough to include the study of many suggestions that have been put forward by people interested in the development of Canadian feature films, such as the introduction of quotas that would set the permissible number of foreign films that can be shown, or it might instead of that stipulate the percentage of Canadian films that must be exhibited.

In England and all other countries except the United States, such quotas exist to protect their national film industry. Why do we not have such control to protect our fragile film industry?

Study might also be given to the complaint often heard from film makers concerning the mass of feature films that are dumped in Canada. A film is dumped here when it has already recovered its costs elsewhere and is brought into Canada just to make additional profits. Distributors can secure these at such low rates that Canadian-produced films are not able to compete with them. A committee could look into this practice and might possibly recommend the passing of anti-dumping legislation in this area, as has been done in relation to other imports.

The committee might study ways and means of securing larger markets for the Canadian film industry. To do this we must seek markets outside Canada, whose population is only about 22 million. This is very small compared to that of 200 million in the United States.

If we are to develop a truly great Canadian film industry we must seek, through the use of competent salesmen, markets outside Canada. The committee could discover whether attention is being given to the development of this foreign market by Canadian representatives of trade and commerce in the foreign field, and could encourage such promotion.

The high cost of distribution works great hardship on the producer in the film industry. Costs of promotion and advertising are so high that the producers' share of the revenue from rentals seems discouragingly low. If the costs of distribution and exhibition could be reduced substantially, films would be able to show larger profits and more people might be willing to invest in this industry.

The Canadian Film Development Corporation, I understand, subsidizes only producers. In France and Eastern Europe, government subsidies are available for distributors and theatre operators as well as producers. Perhaps the committee could investigate the advisability of providing assistance to distributors and theatre operators in Canada.

In my work on the Senate Committee on Poverty and the Joint Committee on the Constitution, where we have met the public constantly, I have become increasingly aware of the value of the exchange of ideas between those in authority and those affected by their decisions. I have come to believe that if we are to have the kind of country we would like to have there must be much of this interchange of ideas and greater participation.

A subject for inquiry might well be the standards now used by the Canadian Film Development Corporation before a decision is reached to support a production and what, if any, dialogue takes place between the Canadian Film Development Corporation and eminent and experienced film makers in the private sector and in the public sector. In view of the criticisms made by the public about some of the productions which have received support from the Canadian Film Development Corporation, it might be worth while to know what standard the corporation uses in coming to a decision.

Is the criterion applied by the Canadian Film Development Corporation mostly whether or not a production will be a money-maker? Do they feel they must produce a profit as does any ordinary business? Or is weight and consideration given to whether the film will have charm, integrity and humour that will creditably reflect Canada, not only throughout Canada but abroad? Will it also reflect morals, political ideas and mental attitudes which do not offend general public taste?

There is at present much public concern about taxpayers' money going into sexploitation films. This concern was eloquently expressed by Senator Forsey in this

chamber on April 7. Sex and pornographic films are simple to make and can return a huge profit, but integrity must suffer if the only consideration is financial gain.

The quality of the films *Flick* and *Explosion*, the first two English-language films backed by the Canadian Film Development Corporation, brought the criticism that the corporation is more interested in money than quality. The chairman of the corporation denies this vehemently, but I presume it was such criticism that prompted Senator Edgar Fournier to make inquiries in the Senate about the cost to the Canadian Film Development Corporation of producing certain films, including the two I have mentioned. The reply he received on December 3, 1970, was not very enlightening. Possibly a Senate committee might learn more.

Another area that I would like to see studied by the committee is the tax payable on film equipment imported into Canada. An article in the Edmonton *Journal* of September 4, 1970, states that only about 10 per cent of the film equipment needed to produce films is manufactured in Canada, and that there is a 15 per cent duty on imports. The article goes on to say that a customs classification known as "Professional Motion Pictures Producers", which covers all equipment at all stages when it is to be used by professionals in a studio in Canada, allows duty-free import of equipment. However, according to the article the customs officials determine at their own discretion who qualifies. Of the nine local film companies in that area, only two have managed to do so.

In any case, should not this exemption from duty be wide enough to permit the import of such equipment duty free, or at less than 15 per cent, for those who are carrying on training of people who are not yet professionals? Possibly the exception should also apply to the growing number of people who, in this country, are making films for their own interest and enjoyment. This is a field where there are wide opportunities for youth to develop an interest in the Canadian feature film profession, many of whom having done so might help greatly to develop the Canadian film industry. The list of subjects that might be studied to advantage by such a committee is almost limitless. I have referred to only a few, although I could suggest many more in which I am interested. The publicity that usually attaches to the evidence given in hearings of Senate committees would do much to interest the Canadian public in this problem, and might itself bring forth increased investment of Canadian capital.

I sincerely trust that Senator Desruisseaux's suggestion will be adopted by the Senate.

On motion of Hon. Mr. Langlois, debated adjourned.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the inquiry of Hon. Mr. Manning, calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Hon. J. Harper Prowse: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Prowse shall speak now instead of the honourable Senator Langlois?

Hon. Senators: Agreed.

Hon. Mr. Prowse: Honourable senators, by way of explanation let me make it perfectly clear that I am a reluctantly conscripted volunteer at this stage. I would like to thank the honourable Senator Manning for introducing this subject to the house, and for the impressive things he said in bringing the matter to our attention.

There is perhaps nothing in the life of Canadians today that is more important for our future than our relations with the United States. I agree with those who have already spoken in this debate that it is unfortunate that too often we let immediate problems become magnified out of all importance, because we feel our toes are being trodden upon.

We should remember that the United States of America is a huge country, a conglomerate of many varied interests. Americans are jealous of their regional origins. For example, Texans are just as jealously insistent that they be called Texans and not Americans as you and I are that we should be referred to as Canadians and not British, American or something else. I doubt very much, therefore, if Americans are concerned when from time to time Canadians appear overly conscious of the fact that, not only do we occupy a different part of the continent and have responsibility for it but we have in some ways developed a way of life we like, which is a little different from theirs.

Two years ago it was my privilege to attend the United Nations for two weeks. My wife and I stayed in a hotel in the centre of Manhattan, only four blocks from the United Nations building. This, if anywhere, is the centre of civilization. And yet when we registered in our hotel we received a communication from the manager warning us to keep our room locked at all times. We were even cautioned to keep the chain on the door when we were in the room, and not to admit anyone representing himself as a repairman without checking with the desk by phone to see if he had been sent. The letter also warned my wife not to carry a handbag on the street unless she was accompanied, and that under no circumstances should she go out on the street alone at night. And this is in the very centre of civilization!

It seems to me that if there is a monument to man's inhumanity to man, it is New York City. It would be a great tragedy to allow our Canadian metropolitan areas to grow to such a size that eventually we too lived under similar aboriginal conditions, where the sabre-tooth tiger, the terror of the cave dweller, has been replaced by the mugger, the purse snatcher, and the room robber. While there is much to admire in the American way of life, we should make sure we do not end up with those things that they wish they never had.

I do not think Americans mind us talking about them when contemplating our own affairs. We are not criticizing them or running them down, but perhaps we insult them by feeling sorry for them because of the problems they have permitted to arise. If we stopped at pity for them we would be smug, but if we are intelligent enough to take action to prevent ourselves from drifting into the same kind of situation, then their travail will be to our advantage and eventually to theirs.

I do not believe the United States is about to launch a war on Canada. As a matter of fact, they have done better without one. They have all the control here that a war could have brought them. If there had been a war between Russia and the United States, and the Russians had offered us $10 a barrel for our oil in Alberta, we might have agreed to take it. The Americans would undoubtedly have had to move in militarily to stop us. I do not think I am being cynical in saying that all they would have needed was half an armoured brigade, and as soon as they had taken over they would have been able to impose their own peace terms. They would have said, "We do not wish to harm you nice people; you have just been badly led."

This was not going to happen, because Premier Manning was not going to make a deal with the Russians. But let us suppose it did happen. Then we would have had them come along and say, "These are the peace terms. We need oil and we are going to take it. We know you need some, so you can keep one-eighth for yourselves. We know that some of your people want to work and we can use the big strong boys you boast about, but you realize we will have to have our own technical people, our executive people and our specialists to run things because they know how things are done. We could use some of your beautiful girls as file-clerks and secretaries, and we will buy our groceries from you. But you understand that our equipment has to be manufactured by people who know just how we want it, so we will bring it in." These would be the peace terms. Would we have thought that these were particularly generous terms?

Yet, that is what we have got—not from the American Government but from the multi-national oil companies. This is where we have to make a distinction. Much of the criticism which is being directed at the United States today ought to be directed at the multi-national corporations, not that they are essentially or necessarily bad, not that they may even be bad at all. Possibly we are going to have to learn to live with them. When we talk about Canada-United States relations in the context of business affairs between our two countries, we have got off on the wrong track. This is where we leave ourselves open to misunderstanding.

Honourable senators, I imagine that most Canadians have American relatives. Certainly this is true in western Canada. I have a sister who is married to an American lawyer in Spokane. They met when he came up here, not as a draft dodger but to join the Royal Canadian Air Force, before the Americans got into World War II, because he could not wait. My wife's two sisters are married to discharged American veterans of the United States Air Force. They served in World War II and in Korea.

When I visit the United States I am as comfortable there as I am anywhere in Canada. Sometimes I am even more comfortable there than I am in my own home, because no one is finding things for me to do. They just tell me to sit down and take it easy. This is our experience. We do not have any fight with the American people. But if we did not have sense enough to look out for ourselves and to protect our own interests, they would not have the respect for us they have now.

True, we share this continent. Any attack on Canada is in effect an attack on the United States. If we wanted to play a really cold-blooded part, we could do as the Swiss and the Swedes have done, we could hold ourselves aloof. I do not think it is the part of the Canadian makeup to allow ourselves to be protected by "Big Brother" without at least making a decent attempt to solve our own problems.

It was from Canada and not from the United States that the idea of NATO evolved. The situation has changed, but I am proud of the part we have had in securing the peace in Europe since World War II. It was in Canada that the idea of the intervention force, the United Nations force to keep the peace between Palestine and Egypt, came into being in—

Hon. Mr. Martin: 1949.

Hon. Mr. Prowse: Yes, 1949. The idea came from Canada. We have made a contribution by way of ideas, and ideas can be as important as weapons. Since then we have maintained our international responsibility in a way we can be proud of, and I hope we will continue doing so. This is acceptable to the United States. I have no objection, if they come to us and explain to our Government and our Department of Defence that they need military bases here. I would have no hesitation letting them have these bases, with proper safeguards for Canadian sovereignty.

I do not think it serves any useful purpose to say that we have only paper sovereignty in the north. We have something better than that. It may be that just inviting the royal family and waving the flag does not amount to much, but the fact that the world knows we are there helps to place world opinion on our side, which is something important that is sometimes overlooked.

Russia has recently shown that she is pretty susceptible to the pressures of world opinion. The United States has long been susceptible to world opinion, and so, although we are small, we never stand alone. Let us not forget that.

I think all honourable senators have got a copy of this book; it is Servan-Schreiber's *The American Challenge*. It tells how the American multi-national corporations have moved into Europe, not bringing their own capital but coming in with their credit and then using British or European capital and gradually squeezing the Europeans out of their own businesses. If that is the lesson for people in France and elsewhere in Europe, it is a lesson for us.

Some years ago we concluded the Columbia River Treaty with the United States. As the power potential developed, British Columbia would have been entitled to a large amount of that power. They were given the alternative of waiting and taking the power when it became available, or accepting a cash payment and letting the power go downstream. They took the $265 million in cash and then used part of it to pay for building the dam on the Peace River in northern British Columbia. By the time that power comes from northern British Columbia down into the industrial area near Vancouver it is going to be more expensive power than would have been the case had they kept their own power in the first place.

What are the Americans doing with the power they bought? American business is going to use it to turn wheels which were not there before the power became available—wheels which would have come to where the power was available had it been only available in Canada.

I am going to give some free advice to Mr. Bourassa, the Premier of Quebec, which he may not want. I do not think as a Canadian that he is solving our problem or his problem of getting jobs by building a $2 billion power development in northern Quebec if he is going to sell all the power to the United States—unless he wants his people to beat a path to the end of that high line to work in the factories where the wheels are going to be turning.

What we need is government direction and policy to control the use of our raw materials, in particular our power, so that we will get the growth we ought to get.

I have much respect for the United States. Canada came into being as a nation by courtesy of the British Royal Navy. We remain an independent nation today by courtesy of the Strategic Air Command of the United States. I am most conscious of that fact. Nevertheless, that does not mean that I have to go on my knees and say, "Hear, hear!" every time an American comes along with an idea, whoever he may be. I have never seen an American yet who had any respect for a person who would be servile in his presence. On the other hand, the Americans will have more respect for us and value us more, just as we will be more valuable to ourselves, if we show them that we will be their friends—as equals, but not at any price.

Why should we just ship all of our raw resources down to the United States? Certainly, California alone has a higher population than Canada at the present time and they could use up the whole water output of the Mackenzie River. No doubt they would be quite happy if we wanted to divert the whole of the Mackenzie River into the great Rocky Mountain trench and pump it down to them. By such a diversion all the water that now drains into the Arctic Ocean could be sent to California and Nevada. What that would do to our ecology in the north I have no idea, but there is no doubt that they could make use of that resource. From more than 50 miles north of Los Angeles right down to the Mexican border there is almost one solid city—just another monument to man's inhumanity to man.

But the challenge to us as Canadians is not to sell our resources to the Americans for their use but quietly to go on building up our own business, running our own affairs and developing our sense of responsibility to our community.

A businessman might well say, by way of justification, that he had to sell out because he had to look out for himself. There is an old saying to this effect: "If I don't look out for myself, who will look out for me?" Unfortunately, many people have only heard that part of the saying. The rest of it says, "If I look out for only myself, what good am I?"

So I say to the businessmen in Canada: "Look out for yourselves. The better you look out for yourselves the better you can look out for your neighbour, too. But don't forget that when you have looked out for yourself, unless you can look out for your neighbour too you have wasted your life. And to what avail are the riches you have built up, if you do not use them to a proper end? Even if they are put in your coffin with you, you will have no further use for them. Your immortality may rest solely in the good that your riches do after you have departed."

Well, honourable senators, the Americans are not about to attack us. I think I can assure them from this house that they need not fear that we are about to attack them. But we will be masters in our own house! We will be masters in our own house and we hope we will be good hosts! We will share with our guests whatever God makes available to us. All we ask of our guests is that they be ordinarily polite and have good manners whenever they come to live with us.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Martin: I fully anticipate that Senator Choquette will propose to speak on this subject, although perhaps not today. I look forward to what he will have to say on the subject.

On motion of Hon. Mr. Smith, debate adjourned.

The Senate adjourned until Tuesday, June 1, 1971, at 8 p.m.

THE SENATE

Tuesday, June 1, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

FELICITATIONS

HON. PAUL MARTIN, P.C.—RECIPIENT OF HUMANITARIAN AWARD

HON. RHÉAL BELISLE—RECIPIENT OF HONORARY DEGREE

Hon. Jacques Flynn: Honourable senators, I rise to extend my most heartfelt congratulations to two of our colleagues who were recently honoured in recognition of meritorious services.

The Leader of the Government had bestowed upon him last week a singular honour. He was appointed a "Grand Officier de l'Ordre Académique de l'Union internationale du bien public" which, in translation, is even more impressive—"Grand Officer of the Academic Order of the International Union of Public Welfare". Few of us knew of his being so honoured because with characteristic humility he did not direct his office to apprise us of the fact.

This award is granted for excellence and devotion in the service of humanity, and I can think of no one more deserving than the Leader of the Government.

The other senator is our colleague on this side, Senator Rhéal Belisle, who had conferred upon him last Saturday by the Laurentian University of Sudbury an honorary Doctor of Laws degree. I deem this to be an appropriate way of honouring a man who has for so long given unstintingly of himself in the service of his province and of his beloved Sudbury. Senator Belisle's noteworthy efforts in the preservation of the French language and culture in Northern Ontario, plus his significant contributions in the field of education, make him fully deserving of all the grand awards his fellow Franco-Ontarians may wish to give him. We offer him our most sincere congratulations, and we firmly hope he will not cease to labour to spread the French culture throughout Canada.

Hon. Orville H. Phillips: Honourable senators, I should like to join in congratulating both the Leader of the Government (Hon. Mr. Martin) and my good friend the honourable Senator Belisle. I know this is not an unusual event for the Leader of the Government. He has received many degrees and many honours throughout his lifetime, and I am sure he will pardon me if I spend a few moments more on my colleague Senator Belisle than I do on him, because I believe this is the first time Senator Belisle has gone through this.

I have consulted the "red book" and I know the list of degrees after Senator Martin's name. It is probably the longest list of honorary degrees of those presently in Parliament. However, there is one thing that pleased me about Senator Belisle's degree and that is that it was a local boy receiving honour at home. There is an old adage which says that prophet is without honour in his own country. I do not suggest that Senator Belisle is a prophet; he has the proportion for one, he has the wisdom for one, but he does not have the long, flowing beard one normally associates with the prophet. It is pleasing to see someone who has laboured so much for so long, through many different ways for his own area, honoured within his own area.

Senator Belisle received this degree on the 25th anniversary of his entry into municipal, provincial, and federal politics. Recently I saw a reprint of an article which showed Senator Belisle opening his 100th school, counting both public and separate schools. By an odd coincidence, this was the same place where as a small boy he had attended a much smaller school. Today it is a beautiful multi-million dollar building. I am sure he received much satisfaction from opening that school.

Then he went on to obtain in his own quiet way a teachers' college for French-speaking people in northern Ontario. That was school 101. He then took an active part in the development of Laurentian University, and after his summons to the Senate he became a member of the Board of Governors and then Chairman of the Board of Governors of Laurentian University. He opened that as his 102nd educational facility.

I like to think of it in this way, honourable senators, with Senator Belisle beginning with small public and separate schools, going through to the high schools and then to the universities. Certainly, we can be proud of Senator Belisle and in a way envy him the fact that he has contributed so much to education. One hundred and two ribbon-cutting ceremonies for the inauguration of facilities must inevitably make Senator Belisle the champion ribbon-cutter of the Senate.

Incidentally, in all fairness I must advise honourable senators that Senator Belisle is very active in the finance committee of Laurentian University, and it is quite possible that you will hear from him in that regard. He has received many honours in Sudbury and is highly thought of in that area. On the occasion of Sudbury's 75th anniversary this spring, the Sudbury Chamber of Commerce patented and developed a special honour for those members of the Chamber of Commerce who had particularly contributed to the development of the north. The honour takes the form of a most interesting desk set which is composed of ten minerals from ten different mines which are moulded together in the form of a smelter, including the four highest chimneys in the world. This honour was awarded to only a very few people selected by the Chamber of Commerce. I mention this fact to illustrate just how highly regarded Senator Belisle is, not only by the Sudbury Chamber of Commerce but by his own area.

In him they have an even better friend than we have here, because they have a good advocate and a very distinguished son.

Hon. Paul Martin: Honourable senators, I should like to thank Senator Flynn for the generous impulse which drove him to make kind references to myself. I greatly appreciate this. Also I thank honourable senators for their recognition of what Senator Flynn had to say. I should like to take this opportunity to offer to Senator Belisle my warmest congratulations on the deserving honour given to him by Laurentian University.

[*Translation*]

The Honorary Doctor of Laws degree bestowed on Senator Belisle by the university of his city is a testimonial of his devotion to the university and to the city of Sudbury.

I heartily congratulate him in all our names.

[*English*]

Hon. Rhéal Belisle: Honourable senators, if I may I should like to associate myself with what has been said about the honourable the Leader of the Government. It is indeed heartwarming to hear my colleagues express approval of the honour which was conferred upon me by Laurentian University of Sudbury. Having had the privilege and the honour, as it was said by my colleague, to be its godfather, one of its governors and to be the Chairman of the Board of Governors for many years, it gives me a deep feeling of satisfaction to have been recognized and honoured by my own people. To paraphrase what Senator Phillips has said, since I am fully aware of what Christ said to the effect that nobody is a prophet in his own community, I am all the more pleased with and proud of this particular award and those that have been so kindly given to me in the past by the people of Sudbury. The friendships I have made in serving the people of Sudbury shall long be treasured, because these friendships are the type which can weather the inevitable changes wrought by time. The warm glow of these friendships has enriched and will continue to enrich my life. The faith in my humble person to which such an award bears testimony touches me deeply and arouses in me a deep desire to continue to serve my community and my country to the best of my ability and as long as God sees fit to preserve me.

The thoughtful comments of honourable senators, together with the events of this past weekend, will be etched in my memory. I shall long remember and hold dear what has been said about me.

[*Translation*]

Honourable senators, the honour you confer upon me by adding your congratulations to those I have received from the people of Sudbury makes me very happy and also very grateful to you all.

Unparallelled satisfaction is derived from service rendered to one's city, province and country and even though service to the community can result in disappointments, there are nevertheless many compensating blessings.

Happiness is loving one's work and ever seeking to give better service. That is what I have tried to do.

[*English*]

Hon. Mr. Martin: Honourable senators, I should like to provide an addendum to what I said a moment ago, which is to thank Senator Phillips warmly for his very kind remarks.

Hon. Paul Yuzyk: I should like to take this opportunity to congratulate my good friend Senator Rhéal Belisle on the honour that was conferred upon him by Laurentian University at Sudbury. It is a very deserving honour for a man who has contributed so much to Sudbury and surrounding districts, to the people of Sudbury and particularly to a new university which is bilingual in character. I should like to wish him everything that goes with the title of "doctor".

Senator Belisle has often teased me since I took my seat in the Senate. When he wants to get even with me he always calls me "doctor" instead of "senator". I shall now be able to get back at him, and say that I am happy that he has joined the ranks of doctors.

Senator Belisle has worked hard. I am sure he will continue to make a great contribution to the Senate, to the people of Sudbury and to Laurentian University.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Prud'homme and Saltsman have been substituted for those of Messrs. Crossman and Rowland on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

OFFICIAL RESIDENCES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-241, to amend the Prime Minister's Residence Act.

Bill read first time.

Hon. Mr. Martin moved, with leave, that the bill be placed on the Orders of the Day for second reading at the next sitting.

The Hon. the Speaker: Honourable senator, since this bill requires two days' notice, has the honourable senator leave to proceed with this motion?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Public Service Commission of Canada for the year ended December 31, 1970, pursuant to section 45 of the Public Service Employment Act, chapter 71, Statutes of Canada, 1966-67.

Report of the Public Service Commission on Delegation of Staffing Authority for the year ended December 31, 1970, pursuant to section 45 of the Public Service Employment Act, chapter 71, Statutes of Canada, 1966-67.

Report of the Public Service Commission on Positions or Persons excluded from the operation of the Public Service Employment Act for the year ended December 31, 1970, pursuant to section 45 of the said Act, chapter 71, Statutes of Canada, 1966-67.

Report of the Department of Public Works for the fiscal year ended March 31, 1970, pursuant to section 34 of the Public Works Act, chapter 228, R.S.C., 1952.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, May 26, 1971, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952.

Auditor General's reports to the Solicitor General on the examination of the accounts and financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund for the fiscal years ended March 31, 1969 and 1970, pursuant to section 88(4) of the Royal Canadian Mounted Police Act, chapter 241, R.S.C., 1952.

Copies of Joint Communiqué on the visit to the USSR of the Prime Minister of Canada, the Right Honourable Pierre Elliott Trudeau, May 17-28, 1971.

Report on the operations of the Exchange Fund Account, together with the Auditor General's report on the audit of the Account, for the year ended December 31, 1970, pursuant to sections 26 and 27(2) of the Currency, Mint and Exchange Fund Act, chapter 315 , R.S.C., 1952.

THE SENATE

PARKING FACILITIES FOR SENATORS—QUESTION

Hon. Paul Desruisseaux: Honourable senators, in former days there was a very honourable senator here who every now and again raised points which he thought would be useful to the Senate. I am referring to Senator Jean-François Pouliot. I do not intend to take his place in raising issues in this house, but tonight I want to refer to a memorandum which is on my desk. It is addressed to all senators, and reads as follows:

> I have been asked by the Committee of Internal Economy, Budgets and Administration to inform honourable senators that no parking will be available for their guests, on the Senate sitting days, due to lack of space.

This brings up a question I have had in mind for a long time. I never could understand why so much money is spent on the grounds here without taking into consideration one of the necessities of these days, parking. I ask the honourable Leader of the Government whether he could inform himself as to the future use of these grounds. Will we have parking of any sort at any time? This is not a small privilege that is being taken away from us.

[The Hon. the Speaker.]

Hon. Paul Martin: Honourable senators, I do not believe that it is my responsibility but, on the assumption that it is, I will take this question as notice and see if I can provide a satisfactory answer to Senator Desruisseaux as soon as possible. I also am concerned sometimes with respect to parking.

Hon. Mr. Desruisseaux: I would ask the honourable leader what procedure I should follow here? Who should I ask?

Hon. Mr. Martin: I think you asked the right person.

Hon. Donald Smith: Honourable senators, I suppose I will be putting my neck in a noose if I rise at this point, but I do so in order to inform my honourable friend across the way as to what led to the decision which he and all other honourable senators received in the mail today.

We have had complaints about the need for parking space for members of the Senate. One such complaint was expressed in the chamber not long ago by one of our colleagues. He said he never could find a place to park when he came here on Tuesday evening to attend the Senate. One reason for the scarcity was that up to that time some senators had been able to obtain special parking privileges for their guests who were attending a reception or coming to dinner.

This subject was discussed at some length at the meeting of the Internal Economy Committee last week. The official in charge of our parking explained the situation. As I recall, it was agreed without any dissenting voice that on those days when the Senate sits, due to lack of parking space, senators would be requested not to ask for special parking privileges for their guests. This is only for the convenience of senators and certainly not to promote their inconvenience. There are three other days in the week when senators may have the privilege of getting parking space for their guests, but when the house is sitting there is just not that much space available.

Hon. Mr. Beaubien: There is a lot of space on the hill.

Hon. Mr. Smith: There are many cars on the hill also.

Hon. Mr. Beaubien: Why are so few spaces allotted to senators out of all the parking space on the hill? When walking by the East Block in the winter we have to walk in the middle of the road. Cars are parked all over the sidewalk. Why have we been allotted such a small area for parking? That is the question.

Hon. Mr. Smith: I have a very simple answer to that. I agree with my honourable friend that the space is small, but we have about twice as much as we had a few years ago. Within the last few weeks we have been allotted six

more spaces for the use of senators. This is the time of year when many of our members, perhaps many more than was the case some years ago, bring their cars to the Senate from their homes, particularly from Montreal, Toronto, and other nearer places. This problem only arises because we cannot get sufficient space allocated to us by the Department of Public Works. I think any further discussion on this subject should take place at the next meeting of the Standing Committee on Internal Economy, Budgets and Administration.

Hon. Mr. Desruisseaux: My point in raising this question is to have the whole situation reconsidered. I am not complaining; I do not use the parking, nor do my guests, but it is about time the whole question of these grounds was re-appraised.

Hon. Mr. Smith: We do not own the grounds, nor do we control them. That is the problem. The Department of Public Works is responsible for the administration of the grounds.

Hon. Mr. Croll: If the honourable gentlemen were interested in the grounds it would not be a bad idea if now and then they attended caucus. The grounds, parking facilities, and many other questions that affect them are fully discussed in caucus. Since they are absent from caucus, naturally they wonder about these things. However, plans to provide improved facilities for members and senators have been under discussion for the last two months.

Hon. Mr. Desruisseaux: I would like something done about this. It is a very strange thing to say that I should attend caucus. I do not go to caucus because I am a member of the Standing Senate Committee on Banking, Trade and Commerce, which holds its meetings at about the same time.

FOREIGN AFFAIRS

PROTOCOL ON CONSULTATIONS BETWEEN CANADA AND U.S.S.R. AND JOINT COMMUNIQUÉ ON VISIT TO SOVIET UNION BY PRIME MINISTER OF CANADA—NOTICE OF INQUIRY

Hon. M. Grattan O'Leary: Honourable senators, now that our parking privileges and rights have been resolved, I should like to inquire with respect to another privilege. Does the Leader of the Government not agree with me that the protocol signed in Moscow on the occasion of the visit of the Prime Minister, and the communiqué issued after his visit should be explained in this house with appropriate comments of the Government Leader?

Hon. Paul Martin: Honourable senators, before we came into the chamber Senator O'Leary indicated his intention to put this question to me. I did not have an opportunity to discuss the matter with the Leader of the Opposition (Hon. Mr. Flynn) beforehand. On this account I thought I would not tonight ask leave of the Senate to explain the communiqué, which was tabled tonight, and the protocol, which I tabled last week. However, I think the question is a proper one. The Senate should be informed about the nature of the protocol and the communiqué.

With this in view, with leave of the Senate, I give notice that tomorrow, Wednesday, June 2, 1971, I will call the attention of the Senate to the protocol done at Moscow, May 19, 1971 between Canada and the Union of Soviet Socialist Republics respecting consultations on important international problems of mutual interest and on questions of bilateral relations, tabled in the Senate on May 25, 1971, and to the joint communiqué on the visit to the Soviet Union of the Prime Minister of Canada, May 17 to 28, 1971, tabled in the Senate, Tuesday, June 1, 1971.

RADIATION EMITTING DEVICES ACT

REGULATIONS—QUESTION ANSWERED

Hon. Paul Martin: Honourable senators, on May 18 Senator Phillips asked me this question:

> What is the reason for and significance of section 3(1) of the Regulations published in Part I of the *Canada Gazette,* dated May 15, 1971, by which television receivers and extra-oral dental X-ray equipment are prescribed as classes of radiation emitting devices for the purposes of the Radiation Emitting Devices Act?
>
> Were any discussions held with the Canadian Dental Association regarding this regulation?

The Government's answer to this question is as follows:

> The Radiation Emitting Devices Act (1970) is designed to prohibit the sale or import of any device capable of producing radiation when the device does not meet specified standards with respect to its design, construction or function. Notice of certain proposed regulations for two classes of device was printed in the *Canada Gazette* of May 15, 1971. This was done to give interested parties an opportunity to comment and make representation before the regulations are promulgated in final form. This procedure provides an opportunity for discussions with the Canadian Dental Association and any other organization or person.

Hon. Orville H. Phillips: I thank the Leader of the Government for his detailed explanation. As one of those concerned with the regulation, I find it very strange that when speaking of radioactivity we set the minimum time, which is one-tenth of a second, and there is no mention of a maximum time. On what basis are these regulations drawn up?

Hon. Mr. Martin: I do not think I can give any fuller answer than the one I have just given. The regulations which have appeared in the *Canada Gazette* are notice to those interested to make representations before the regulations take final form. That kind of question, of course, can under the Statutory Instruments Act be responded to in more detail.

HON. ALLISTER GROSART

FELICITATIONS ON ELECTION AS PRESIDENT, CANADIAN BRANCH, COMMONWEALTH PARLIAMENTARY ASSOCIATION

Hon. Paul Martin: Honourable senators, I am sure I express the views of all honourable senators when I note with satisfaction the election of Senator Grosart as President of the Canadian Branch of the Commonwealth Parliamentary Association.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: He joins a distinguished company of former presidents, of whom Senator Roebuck and Senator Connolly (Ottawa West) have indeed been distinguished personalities in this organization.

Hon. Jacques Flynn: I should like to join the Leader of the Government in congratulating Senator Grosart. Not only does he follow Senator Roebuck and Senator Connolly (Ottawa West), but he is the first senator from the Opposition to occupy this very important position.

GOVERNMENT ORGANIZATION BILL

SECOND READING—DEBATE ADJOURNED

Leave having been given to proceed to Order No. 3:

Hon. John J. Connolly moved the second reading of Bill C-207, respecting the organization of the Government of Canada and matters related or incidental thereto.

He said: Honourable senators, Bill C-207 is described as an omnibus bill. It is not the type of legislation we have often in this Parliament, but it is a form of statute that is used frequently in provincial legislatures as a statute law amendment act. The bill has n ne parts and 34 clauses. Seven statutes are amended in the body of the bill, some nine statutes are amended by Schedule B, and there are two new statutes enacted, namely, the Department of the Environment Act and the Ministries and Ministers of State Act.

The bill, once enacted, will come into force on proclamation. Clearly, because of the complexity of the measure, it is a committee bill and if the Senate gives it second reading I shall move that it be referred to an appropriate standing committee of the Senate, which I think would be the Standing Senate Committee on Legal and Constitutional Affairs.

Honourable senators, may I first of all deal with Parts I and II of this bill in a general way? Part I deals with the Department of the Environment, a new department. Part II deals with the Department of Energy, Mines and Resources. Heretofore, national policies on resource development and national policies for the protection of the environment have been the responsibility of the Department of Energy, Mines and Resources. Each one of these aspects of its work has been complementary to the other.

Development, of course, was the original priority for this department but soon the by-products of development began to raise somewhat ugly heads. There was pollution of land, air and water; there was the desolation of forests, the destruction of fisheries, and the ravaging of wasting assets. There was waste, disfiguration, and erosion of the earth. All of these have become problems, particularly in the last few years, requiring urgent crusading correcting steps to be taken.

Perhaps it is not inappropriate to say that, in a sense, the debate which has been going on in the country has been highly charged emotionally. I am not being critical when I say that. I state it simply to be a fact. In addition to the pollution created by the exploitation of our natural resources, another aspect of pollution has developed within our urban centres. Noise, sanitation requirements, the obsolescence of housing facilities, the need for infrastructure, and problems of traffic and parking have plagued our growing cities. All of these affect the living conditions of the people of the country.

Honourable senators, development, particularly in the field of our resource industries, remains a primary national goal. In the provinces, territories, and inland and offshore waters Canada is richly endowed with resources. The conservation and orderly development of resources are of great economic importance, and also of great social importance to our communities. The protection of the environment, which is threatened by the speed of industrial, scientific and technological change, is an important national problem.

The policy of development cannot proceed at the expense of the correction of pollution. They present separate problems. The policies are separate; the objectives and approaches are different. In the field of pollution control particularly we now know that we require highly trained experts with definite responsibilities. We also require the setting of priorities. In addition, we will be required to supply vast funds.

Certainly there is an overlap from development to pollution control. One can think of mining communities, in which, say, one of the great mineral resources of the country is being developed. In the development of that resource mountains of waste products are produced, and noxious fumes and smoke are emitted from the refineries and other processing plants. Sometimes, however, these great man-made mountains are not simply blots on the landscape because frequently, through technological advance, it is possible—and it has happened in our mining industry—for some of these great heaps of slag and waste to be remined for products that were not known to have any value at the time they were created. The sum and substance of the matter is that there must be co-ordination between these two ministries—the Department of Energy, Mines and Resources which has an interest primarily in development, and the Department of the Environment which is primarily interested in protecting the ecology.

There is another conflicting aspect to the general problem, and that is the jurisdictional situation in our federal state. The provinces, by and large, own the resources within their boundaries and control their development. The federal authority owns the resources in the territories in our north, and the offshore resources, and it is

mainly responsible for resource problems touching the international aspect of development. The federal authority should not and cannot infringe upon the provincial position. What is required is federal leadership and initiative in the national interest, and co-operation with the provincial authorities in the field of protection of the environment, and a reasoned realistic approach to the financial problems. Above all, we must have careful planning and recognized priorities, and we should proceed project by project.

Honourable senators, I should like to deal briefly now with the Department of the Environment, as the bill proposes to establish it. There is a provision in clause 3 for a new department, a new minister, and a new deputy minister. The duties of the minister, where there is federal jurisdiction, touch seacoast and inland fisheries; the renewable resources of the country, such as the forests the birds, the flora and fauna; water; meteorology; the quality of water, air and soil; technical surveys with respect to all these resources, and boundary water problems. As you are aware, matters concerning boundary waters historically have been handled by the International Joint Commission, and by the Department of External Affairs in certain instances. That commission, of course, will continue to have those problems as its main responsibility.

The duties of the minister also involve the setting of standards for the quality of the total environment in Canada, for pollution control within the federal jurisdiction, for the protection and enhancement of living conditions, and for co-operating with the provinces and other agencies which have a special interest in this field. The minister is to report annually to Parliament.

I should tell the house that schedule A on page 16 of the bill lists 19 different statutes which are hereafter to be administered by the Department of the Environment.

Part II of the bill is headed "Energy, Mines, Resources and Technical Surveys". This part is designed to clarify and separate the responsibilities of the Department of Energy, Mines and Resources from those of the Department of the Environment. It beams the department's functions to the development side of resources. The department will have assigned to it such matters as the regulation of oil, gas and mineral development in the lands and waters owned by the Crown in the right of Canada. It is to deal with technical surveys in respect of resource development, energy development policies, mining and metallurgical research, geological surveys and geological research, field and air survey, and mapping and charting with all the new technology now available in that field. It will be concerned with continental shelf programs and marine surveys. The ministry is to be responsible also for co-operation with the provincial authorities in these various areas.

Certain personnel have, in fact, been transferred under the Transfer of Duties Act and will now be available to the Department of the Environment when that department is authorized by Parliament. Honourable senators might be interested to know that there will be some 5,300 employees, formerly with the Department of Fisheries and Forestry, who will be available to the new department, and some 250 employees from the Department of Indian Affairs and Northern Development, mainly concerned with wildlife. From the Department of Energy, Mines and Resources 2,500 employees dealing with water resources and marine surveys will also be available to the new department. From the Department of National Health and Welfare 139 officials, whose main responsibility is air pollution control, will also be available, and from the Department of Transport, particularly from the meteorological services, there will be some 2,400 persons. In all, a total of some 10,500 people will be transferred from other departments and made available to the new department.

Part III of the bill is very short. It deals with the National Research Council. In looking at the bill you will have noticed that clause 10 in Part II repeals section 6(e) of the Resources and Technical Surveys Act, which gives the Minister of Energy, Mines and Resources control of astronomical observatories. By virtue of clause 12 in Part III, astronomical observatories become the responsibility of the National Research Council. I think it quite appropriate that that should be so.

Clauses 13 to 24 in Part IV of the bill deal with ministries and ministers of state. It is proposed in this part that a certain number of ministries of state be established by Order in Council to preside over a specific portion of the public service in matters of federal responsibility. By proclamation the name of the ministry, the area of administration to be surveyed, and the duties of the minister shall be made known. It is in contemplation that under these clauses of the bill there will be a small area of policy responsibility which will devolve upon ministries so set up by Order in Council. The matters will, of course, all be within the federal jurisdiction, but it is not intended that the minister or his department should be responsible for the day-to-day operations of some of the agencies for which it is proposed the minister should set policy.

For example, if there is a ministry to be set up in charge of housing, and it is to have within its jurisdiction policy matters in respect of the operations of the Central Mortgage and Housing Corporation, it is not intended that that minister should be responsible for the day-to-day operations of the Central Mortgage and Housing Corporation. The administration of that agency of the Government, and the administration of any other Crown corporation, will remain where it is, but the policy is to be settled by the minister in charge of the particular ministry of state.

There is power in the bill to change the name of a given ministry of state, to change its functions as required, and to terminate the ministry once it is felt that the need for it no longer exists. There was an amendment made in the House of Commons which provides that before a ministry of state is set up the text of the proposed Order in Council should be tabled. That Order in Council must be approved by a resolution of the House of Commons before there is a proclamation setting up the ministry. The debate in the house on such occasion is to be limited to seven hours.

From clause 19 on, the bill deals with ministers of state for ministries of state. These ministers will be of the Privy Council; they will be in the Cabinet. Each minister will have as his chief executive officer not a deputy minister but an official to be designated as the secretary to the ministry of state for whatever the appropriate designation of the ministry of state might be. The minister's powers and duties are to be assigned either by Order in Council or by legislation. Indeed, they may be assigned by existing legislation if a minister is to be put in charge of a certain area in respect of which there is existing legislation and for which certain policy decisions and programs are to be undertaken. The minister of state is required, as is any other minister, to make an annual report to Parliament of the work which he performs in his conduct of the ministry.

In addition to the ministers of state in charge of ministries of state, the bill also proposes there shall be other ministers of state who will be of the Privy Council and members of the Cabinet. These ministers will not preside over ministries of state. The intention is to designate such ministers to assist ministers who hold portfolios. Such ministers, who are in a sense assistant ministers or associate ministers, will have access to departmental services and facilities. They will be required to perform such duties as Parliament may prescribe or as worked out with the minister holding the portfolio with whom they will serve. They can, for example, be authorized to deputize for the minister with portfolio in certain cases. I should tell honourable senators that there is no limit set in the bill to the number of such ministers of state who can be appointed. These ministers will have a status somewhat analogous to that of ministers without portfolio, but they have their individual specific duties to perform under the Public Service Rearrangement and Transfer of Duties Act, duties designated pursuant to a statute, or duties prescribed by arrangement with the minister who holds a portfolio.

At this point it might be appropriate for me to make some general comment about the ministries of state. As honourable senators know, in the organization of government at given times departments are set up, ministers are appointed, and their duties are prescribed by statute. I can remember many years ago the existence of a department known as the Department of the Interior. But the problems of government grow and become more complex. For example, the Minister of the Interior was responsible at one stage for Indians and Eskimos, for the north, for energy, mines and technical services, for industry, and for communications. When the problems became too much for one department to deal with, the remedy taken by Parliament was to establish by a bill a new department with all the apparatus of a department. But we live now in an area of fast change, an era of technological advance, research, invention and innovation.

In the United States the cumbersome business of going before Congress to establish new departments has been circumscribed by establishing new agencies of government under executive or presidential decree. Honourable senators will remember the proliferation of such agencies in the days of the New Deal, the so-called alphabetical agencies—the Federal Power Commission, the Securities and Exchange Commission, and the like. In this country the Public Service Rearrangement and Transfer of Duties Act was available to shift the load from one portfolio to another. It is now proposed that a minister of state and a ministry of state with limited jurisdiction, with terminable and adjustable functions, with special regard to and attention for urgent work in areas of national importance, should be set up in the manner I have described and as set out in this bill. It seems to me to be the kind of proposal which when used reasonably and responsibly should commend itself to people who like to see the work of government done efficiently. I have confidence that any government in office in this country would have that sense of responsibility.

Honourable senators, I hesitate to embark upon Part VII because it deals with the Public Service Superannuation Act. Without doubt this is the most complicated piece of legislation, next to the Income Tax Act, we have on our statute books. Therefore, rather than attempt to describe what the bill proposes clause by clause—although I have the references here if any one requires them—I propose to set out seven different cases which are dealt with by the bill, and discuss them in a practical way. Generally speaking, what is proposed in these clauses, which begin with clause 27, is that it should be possible to have earlier retirement for members of the Public Service of Canada—that is earlier retirement upon a reasonable pension basis. At the present time the earliest age for retirement under the Public Service Superannuation Act is 60 years, with a certain minimum number of years of service, and without which a pension cannot be granted. It is now sought to provide a facility whereby public servants can retire at an earlier age and still receive pension benefits in certain cases and under certain circumstances.

Case No. 1 covers the situation where a public servant at age 55 and with 30 years of service can retire and receive an immediate annuity based on the length of his service. The best six years of his salary history are taken into account when he retires in these circumstances.

In case No. 2 the present law is restated. It is repeated here simply to make the draftsmanship a little easier. The law now allows a public servant to retire and to take a deferred annuity at age 60 if he has had five years of service in the Public Service of Canada. As I say, that situation prevails at the present time.

Case No. 3 covers the situation of a public servant who has reached the age of 50 and has had at least 25 years in the Public Service of Canada. That person can retire and receive an immediate annuity. The amount of the immediate annuity is the amount of the deferred annuity to which he would have been entitled, less an amount determined by the formula which is in the bill.

I know that sounds like so much gobbledygook. However, I will give honourable senators an example. Let us assume a deferred annuity to which such person would

be entitled is $8,000 and he retires at the age of 50 with 25 years of service. The immediate annuity granted would be $6,000.

Case No. 4 is a situation envisaging a public servant who has reached the age of 55 years, who has had actual service of more than 10 years, and is then dismissed. Upon dismissal he or she would be entitled to an immediate annuity, the amount of which would be the amount of the deferred annuity to which he or she would be entitled, less a certain amount determined by the formula prescribed in the bill.

Let us assume the deferred annuity in this case is $4,000 and the public servant is dismissed at age 55 after 11 years of service. The immediate annuity to which he or she would be entitled would be $3,000. However, there is provision in the bill whereby on dismissal the Treasury Board may permit the immediate annuity to be the same amount as the deferred annuity. In this case, instead of receiving $3,000 such person would receive $4,000 annually as a pension.

Case No. 5 is a situation where a public servant has attained the age of 50 years or more and has served less than 20 years. Retirement is with ministerial consent. The annuity payable at 50 years is the amount of the deferred annuity to which he or she would be entitled less the formula set out in the bill. Let me take a practical example, and assume that the public servant has served 15 years, has reached the age of 50, and is entitled to a deferred annuity of $4,000. The immediate annuity in this case would be $2,000.

Case No. 6 enables a public servant to retire at any time and to receive a return of the contributions he has made under the Public Service Superannuation Act. If that person seeks a return of contributions, is 45 years of age or more, and has at least 10 years of public service, he may do so. However, there is no return of contributions made by the public servant after September 30, 1967 because of a complicated set of circumstances which arose under the Pension Benefits Standards Act and locked in benefits, all of which were the result of legislation passed in Ontario, Quebec, Alberta and Saskatchewan affecting pension rights of public servants. This is obviously a problem for the committee. The situation prevailing under the Pension Benefits Standards Act is an equitable situation which public servants, both federal and provincial, have accepted.

Case No. 7 covers a situation envisaged in the event of a retirement of a deputy minister who has served at least 10 years as a deputy minister. Should he retire after 10 years or more of service he may continue to pay into the Public Service Superannuation Fund until he is 60 years of age, but he must pay at double the rate of contribution he would have paid when in the service. While in the service, like all other public servants, he pays 7 per cent. After retirement he will pay 14 per cent.

Part VIII deals with salaries of ministers. It is proposed that ministers of state presiding over a ministry of state shall be paid, in accordance with the Salaries Act, the same as a minister with portfolio, namely $15,000. Other ministers of state who act as assistants to ministers with portfolios or in conjunction with ministers with portfolios will be paid at the same rate as a minister without portfolio, namely $7,500 a year.

Schedule B of the bill provides, because it is not provided elsewhere in the bill, that the Postmaster General of Canada, when separately appointed under the Great Seal of Canada, shall receive the salary of a minister with portfolio, namely $15,000.

I have here a note about the salary of the Leader of the Government in the Senate, but I do not think that I need refer to it. Whatever he receives, he is worth it, and perhaps a good deal more. I wish they had thought about raising it when I was leader, but they did not.

I need not detain the Senate very long on the transitional provisions.

Clause 29 in Part IX of the bill provides that at the beginning of its operation the Department of Environment will embrace only elements of the existing sections of the Public Service which are transferred to it. The appropriations for those sections of the Public Service transferred to the new department for the current fiscal year shall be applicable to those sections of the new department to which those people are assigned. For example, the appropriation for the Fisheries Research Board for the present fiscal year shall apply after the board is transferred from the Department of Fisheries and Forestry to the Department of the Environment. The same applies to other statutes set out in Schedule A of the bill.

Clause 30 is a complicated legal type of clause that need not bother the Senate very much. It simply provides that the name of the Department of the Environment or the Minister or Deputy Minister of the Environment, used in acts, orders, contracts, leases or licences or other legal documents shall be substituted for the department, minister or deputy, under any other act, contract, lease or licence, as shown in Schedule A of the bill. For example, in certain clauses of the statutes which are set out in the schedules of the bill, for the Minister of Fisheries and Forestry, you will now read the Minister of the Environment; for the Minister of Indian Affairs and Northern Development, the Minister of the Environment, or Deputy Minister of the Environment.

It is also provided in clause 31 that provision be made for co-ordinating this bill, which is obviously complicated, with the revised Statutes of Canada, 1970. Those statutes, as honourable senators know, have been distributed, and although not yet proclaimed will be very shortly.

For some reason or other, two sections of my notes became misplaced. They deal with two other parts of the bill. Part V of the bill deals with parliamentary secretaries. At the present time there are no more than 16, and it is proposed that there shall be no more in the future than the number of ministers with portfolio in the cabinet. There are now 27 such ministers, so the increase in the

number of parliamentary secretaries will be 11. I should say that no minister without portfolio and no minister of state of either class shall be entitled to a parliamentary secretary.

Part VI of the bill is a very simple provision. It provides that when the Postmaster General is appointed under the Great Seal he is the Postmaster General of Canada. However, if no Postmaster General of Canada is appointed under the Great Seal, the Minister of Communications is the Postmaster General.

Honourable senators, I apologize abjectly for the length of time I have taken to explain this measure. It is complicated legislation, designed to assist the process of Government housekeeping. I know there are probably controversial clauses in the bill, and they will certainly receive all the attention that this house deems it fit to give them. The bill should go to committee, but I would ask honourable senators to consider it appropriate to have it in committee at an early date. If in fact Parliament is to adjourn for the summer recess by the end of this month, it is inevitable that we shall soon receive much more legislation. With that in mind I make a plea that the debate on this bill proceed as expeditiously as possible so that we can refer the measure to committee, and thereby not press ourselves too much in the consideration of other legislation to come.

Hon. Mr. Fournier (De Lanaudière): I may be a little too late, but when the honourable senator said that the bill should be referred to committee at an early date, I wonder what he meant by that?

Hon. Mr. Connolly (Ottawa West): I suggest no time limit on it, obviously. I simply draw attention to the fact that we usually have a great rush of legislation before the long summer recess and we are not very busy now. Therefore, I think if we proceed on this bill with an eye on the clock, on the legislative timetable, we will serve ourselves better because we will have a lot of other legislation at the very end.

Hon. Mr. Macdonald: When the honourable senator dealt with that part of the bill providing for early retirement, he mentioned Case No. 6. He said that in certain circumstances a person who contributed to a retirement fund would not be entitled to a refund of contributions. I did not quite follow him. I believe he mentioned there were four provinces with legislation which would come into effect. I wonder if Senator Connolly would elaborate a little on that?

Hon. Mr. Connolly (Ottawa West): Honourable Senator Macdonald, unfortunately this is the part of the bill about which I know the least and which I had great difficulty understanding. Senator Isnor asked the same question during my so-called explanation. I really do not consider I gave an adequate explanation of this clause.

[Hon. Mr. Connolly (Ottawa-West).]

Hon. Mr. Macdonald: Perhaps we could wait until the bill is referred to committee.

Hon. Mr. Connolly (Ottawa West): That would be a good deal better. I could waste the time of the Senate in attempting to give the explanation from the notes I have. Frankly, they are not adequate.

On motion of Hon. Mr. Macdonald, for Hon. Mr. O'Leary, debate adjourned.

CANADIAN FILM INDUSTRY

FINANCING, DEVELOPMENT AND MARKETING— DEBATE CONTINUED

The Senate resumed from Thursday, May 27, the adjourned debate on the inquiry of Hon. Mr. Desruisseaux, calling the attention of the Senate to the Canadian film industry.

Hon. Josie D. Quart: Honourable senators—

Hon. Leopold Langlois: I will yield to the honourable Senator Quart.

The Hon. the Speaker: Is it agreed that the honourable Senator Quart speak now instead of the honourable Senator Langlois?

Hon. Senators: Agreed.

Hon. Mrs. Quart: I was not in Ottawa when the honourable Senator Desruisseaux called the attention of this chamber to the Canadian film industry. Since reading *Hansard* of that day I heartily endorse his suggestion to explore the possibilities of improving the Canadian film industry to provide a solid foundation for the progressive development of the film industry in Canada.

If our Canadian film industry has not been up to the present a profitable business venture, perhaps it is because of the inferior quality of Canadian feature films, travelogues and documentaries. Granted that the competition from the United States, England, France, Italy and other countries has restricted to some degree the successful marketing of Canadian films, but what about Canada's market? Television, of course, has to a great extent hurt the film industry, but to further develop our film industry is a real challenge for Canadians, even though many feature films for Canadian television will still have to be imported.

In a previous presentation to this chamber, Senator Desruisseaux drew to our attention the CBC-TV presentation on January 25 of an historical film entitled, *The Megantic Outlaw*. There was a great furore in the Sherbrooke area after the presentation of that film. It would be interesting to know what answer the CBC gave to the Société d'Histoire des Cantons de l'Est when that society

objected to the distortion of the historical facts in the film. Why was it filmed in Ontario and not in the Sherbrooke area, where the incident took place, and where some of the buildings in connection with the episode still stand? Distortions such as occurred in the film of *The Megantic Outlaw* shake one's confidence in the integrity of the CBC. I shall not repeat the enlightening statistics nor the persuasive arguments used by Senator Desruisseaux to press for a Senate inquiry.

I was in Rouyn-Noranda with the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada when honourable Senator Cameron spoke in the Senate on the Canadian film industry, but yesterday I read with interest the Senate *Debates* of March 16. Senator Cameron is a well-known authority on subjects dealing with the theatre and the performing arts. The School of Fine Arts in Banff is a monument to his administrative and artistic ability. I agree entirely with Senator Cameron when he suggests that, in proposing a program of encouragement for the Canada Film Development Corporation, perhaps doubling the $10 million made available to the corporation in 1967 would be one of the most productive investments Canada could make. In my humble opinion, additional revenue is absolutely necessary for the national film industry. But, as Senator Cameron mentioned, some standards of quality and decency must be met before films qualify for grants or loans. However, in justice to the National Film Board and the CBC, one must admit there are many excellent productions.

Senator Fergusson's contribution to the debate was most interesting. If I may inject a personal note, when she referred to Glen Ford it brought back one of many memories of World War II when the City of Quebec was chosen for the world première of a movie starring Glen Ford. Of course, you may know that Glen Ford was born in Portneuf, a municipality a few miles west of Quebec City. I believe his mother is still living there. You can imagine that was wonderful news for Quebec City, and our Women's Auxiliary of Military District No. 5 decided to use this occasion as a fund-raising project. We wrote and invited him to attend a reception in his honour and to be a guest at our debutantes' ball. Not risking a refusal, we used the feminine technique of asking his mother to plead our cause. We were thrilled when we received a gracious reply from Glen Ford's manager accepting our invitation. The ball was under the distinguished patronage of our lieutenant-governor of the time, Sir Eugène Fiset, and the officer commanding Military District No. 5, General Georges Vanier, our late Governor General. The debutantes and their friends were our ticket vendors, and the debutante who sold the most tickets won the coveted prize and honour of opening the ball with Glen Ford. It was an outstanding social and financial success.

Senator Fergusson also brought to our attention the project of Mr. Henry Beckman regarding the promotion of a Canadian Film Stars' Hall of Fame to be established in Canada, preferably in his own home territory, the Maritimes. But my concern is, why only a hall of fame for film stars? What about TV and radio stars, and stars of the legitimate theatre, and singers, musicians, theatrical producers, and so on? Nevertheless, I think it is an excellent idea.

When Senator Fergusson was speaking about outstanding Canadian actors, Senator John Connolly interjected, "What about the ladies?" This gave me food for thought, and my mind wandered back to many articles I had read about famous Canadian women. One particular story which I shall never forget was the opening of the Victoria Bridge in Montreal in August, 1860, when a great musical festival was staged to honour the presence of the Prince of Wales. Among the performers that evening was a 13-year old French Canadian girl with a marvellous soprano voice: her name was Emma Lajeunesse. She received great acclaim, but a public subscription to finance her further training was not sufficient, and so Emma moved to Albany, New York, whose citizens realized her remarkable talent and in 1868 sent her to study in Paris. A few years later she returned to New York, calling herself Madame Albani. Had the citizens of Montreal been more receptive she might have been called Madame Montreal. Ironically, on her triumphal tours of Canada a private railway car was placed at her disposal and she was acclaimed as "Canada's own".

Another Montrealer who gained international fame was Madame Donalda, but after her international success she returned to Montreal in 1937, where a few years later she founded the Montreal Opera Guild, which to this day stages operatic performances.

Other famous women from Montreal are Pierrette Alarie who, with her husband and frequent vocal partner, the tenor Léopold Simoneau, has been acclaimed in most opera houses in Europe and North America.

The famous Maureen Forrester was also a Montrealer, renowned primarily as one of the greatest artistes of this generation. She is the wife of the conductor Eugène Kash and the mother of five children. Like Pierrette Alarie, she has been able to combine marriage with a very successful career.

Montreal-born Madame Yvette Brindamour, after studying in Paris, founded a permanent theatre in 1949, Le Rideau Vert. Today it has the proud distinction of being the oldest established professional theatre in Canada. Madame Brindamour has included in her repertoire new Canadian plays, and several of the most successful of these have been the work of women playrights.

Madame Françoise Loranger won a Governor General's award with her play, *Encore Cinq Minutes*. And *L'Exécution*, written by Marie-Claire Blais, was produced with great success by Le Rideau Vert. Incidentally, Françoise Loranger has since 1964 produced a new play every year. Some senators may remember the news coverage she received for the very amusing comedy she wrote, *Le Chemin du Roi*, which translated means "The King's Road". This comedy was based on General de Gaulle's visit to Quebec in 1967. Madame Brindamour directs

many of Le Rideau Vert's productions and frequently appears as the leading lady in her plays.

Women from La Belle Province have founded Le Théâtre Club, Le Théâtre de l'Égregore, and Monique Lepage and Francoise Berd were largely responsible for introducing contemporary and avant garde drama to Montreal.

Louise Latraverse, as co-director with Paul Buissoneau, established the live Théâtre de Quat' Sous, and Francoise Gratton is one of three directors of the Nouvelle Compagnie Théâtrale, which sponsors performances for high school students.

Summer theatres in the Province of Quebec are almost entirely directed by women. Le Théâtre de Marjolaine was founded and directed by Marjolaine Hébert, producing original musical comedies each year. Also, Mariette Duval is co-director of Théâtre des Marguerites near Trois-Rivières, while Monique Lepage has recently taken over the direction of the Piggry Theatre in the Eastern Townships. Then, of course we have the Playhouse "La Poudrière," an unusual 154-seat auditorium formerly used as an old military powder magazine, on Montreal's Île Ste-Hélène.It was a great attraction during Expo '67. It was founded in 1958 by Janine Beaubien, but it is not an all-year round theatre.

The French-language theatre in the Province of Quebec has produced a great number of actresses, some of whom are Monique Miller, Francine Racette, Louise Marleau, Denise Pelletier, and, of course, the famous Geneviève Bujold, who is a graduate of the Quebec Conservatory. She is one of the last Canadian actresses to become an international success with Richard Burton.

A striking development of the late 1960s has been the emergence of younger actresses who have received all their formal training in Canada. Of course, we must not forget Monique Leyrac, who won an international award singing Gilles Vigneault's *Mon Pays*. Just last Sunday afternoon the CBC radio presented Danielle Darice, who has recently returned to Canada from a successful tour of Europe. She was entertaining the servicemen at the air force base in Cold Lake, Alberta.

In mentioning so many women celebrities, I must admit that in the Province of Quebec men share well-merited fame with women. It is with pardonable pride that, as a citizen of La Belle Province, I have drawn the attention of this chamber to the women celebrities from my native province.

I read in the Montreal *Gazette* of Saturday, May 29, that the National Film Board is filming its latest production in Montreal, *Cold Journey,* featuring Buckley Petawabano, Guy L'Ecuyer and Johnny Yesno. Other locations for this film are Le Pas, Manitoba, and Pelican Narrows, Saskatchewan. The story is about a young Indian torn between two worlds. Let us keep our fingers crossed that care will be taken with the production of this film to avoid any controversy.

I am sure many honourable senators here attended or read reports of the Drama Festival '71, which was held at the Ottawa National Arts Centres from May 15 to May 29. This was sponsored by the Dominion Drama Festival, but the format was changed this year. There was no competition, no adjudicator, only a co-ordinator, and no awards. The only award was the approval of the audience and the theatre critics. Invitations were sent many months ago to producers, amateur and professional theatre companies, schools and colleges across Canada, inviting them to participate. It was the largest theatre festival ever held in Canada. Twenty-four productions were staged in the National Arts Centre, but in all over one hundred concerts were given in public parks, and in smaller theatres in Ottawa.

On Saturday night, May 29, the CBC-TV carried a short review of eight or nine plays from cities in Canada presented during Festival '71. Bill Walker was the master of ceremonies of the one-hour program. It was most interesting and gave the viewer an idea of the wealth of talent we have in Canada. Most of the participants showed professional poise, plus beauty and brains, and could be used in the production of numerous Canadian films.

My interest over the years in the theatre has never waned and it compels me to offer a few suggestions which may or may not be of value. Perhaps it would be feasible to make arrangements to film theatrical productions such as those presented during the Drama Festival '71. I feel sure that a theatrical production, either dramatic or musical, produced by an amateur group in Nova Scotia, Quebec, Ontario, or British Columbia, would be of great interest to Canadians from every part of the country and would help tremendously to encourage Canadian talent. Take, for instance, what is currently being staged at Le Rideau Vert in Montreal, the revival of Michel Tremblay's comedy, *Les Belles Sœurs*. It has been receiving rave notices from the critics, and one critic claimed that "it is so funny that one laughs until it hurts". Surely a comedy such as that would be well received and may be very much better than some imports we have to look at.

In drawing the attention of this honourable chamber to the women celebrities in the performing arts of my native province, I do so with pardonable pride, realizing full well and appreciating the great contribution made by women and men in every province of Canada.

Also, in mentioning only the women of La Belle Province, I had not the slightest intention of ignoring the men—that has never been my role in life. We all know that over the years numerous Canadian men and women have won national and international fame for their respective provinces as well as for Canada. As confession is good for the soul, I confess it was Senator Connolly's question to Senator Fergusson, "What about the ladies?" that started me on this feminine track.

In my opinion, the terms of reference of such a Senate committee as proposed by Senator Desruisseaux should be broad enough to include the study of Canadian theatrical productions, both professional and amateur, which could subsequently be filmed for TV programs. If arrangements could be made to film such productions, the

cost of the National Film Board would, I am sure, be reduced to a minimum.

Hon. Mr. Fournier (De Lanaudière): Honourable senators, it was most refreshing to hear the speech by the honourable senator from Victoria (Hon. Mrs. Quart). I wonder if she mentioned the name of Martha Allan? In the development of the fine arts in La Belle Province, there is another name, from tonight, that we should add to those great names: it is the name of the honourable Senator Quart.

Hon. Mrs. Quart: I may say to Senator Fournier that I did not mention that name, because the list would have been too long. The original list was so long that I had to choose some of those we read about in these days. I mentioned Madame Albani; Montreal missed out in her case. If she had been from Quebec City, I am sure we would not have done so.

On motion of Hon. Mr. Langlois, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 2, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

RULES OF THE SENATE

SUSPENSION OF RULE 28

The Hon. the Speaker: Honourable senators, on Thursday last the Leader of the Opposition (Hon. Mr. Flynn) raised a point of order on the suspension of Rule 28, which prohibits an honourable senator from speaking twice on any question before the Senate, except in explanation of a material part of his speech. I think Senator Flynn was wondering what impact this suspension had on Rules 29 and 30, which are still effective.

I have given some thought to this matter. I think my role is more to see that the rules of the house are enforced than to give a personal interpretation. It is my impression that at the last meeting of the Standing Committee on Standing Rules and Orders the feeling was that for the remainder of the session we should as an experiment suspend Rule 28. However, I do not think much thought was given to the impact of such suspension on other rules. Having said that, I wonder if the chairman of the Committee on Standing Rules and Orders (Hon. Mr. Molson) would give us an explanation as to the intention of the committee in suspending Rule 28 for the remainder of the session. This would be of help not only to honourable senators but to me.

Hon. Hartland de M. Molson: Honourable senators, I think the suggestion to suspend Rule 28 for the balance of the session was made by Senator Grosart. The committee members were enthusiastic about the suggestion, mainly for the reason that they felt in this way we might have a more balanced and perhaps a little more lively debate in this chamber.

In recommending that Rule 28 be suspended, there was, perhaps, some oversight in that we did not consider the possibility of a conflict with Rules 29 or 30. There is no doubt in my mind that the intention was to permit a senator to speak more than once during a debate, and the inference was that if the mover spoke a second time it would not close the debate.

I suggest that for the balance of the session, and in conformity with the resolution adopted by the chamber, if the mover of a motion or, indeed, any senator, should speak twice in any debate, no notice be taken of it, unless when he finishes his speech there are no other senators wishing to speak on the motion. In other words, I think that it will be unnecessary for the time being for His Honour the Speaker to call attention to the fact that if the mover speaks the second time it will automatically have the effect of closing the debate. The intention is that he should be permitted to speak a second time without the debate being closed. However, the mover is ultimately going to close a debate if he speaks more than once and there are no further speakers. In that case the debate would automatically close.

Hon. Hazen Argue: Honourable senators, as I understand Senator Molson's interpretation, it would mean that if a senator, having moved a motion, rises with the intention of closing the debate, he really would not be closing it. He might never close it as long as any other senator wishes to speak.

If an honourable senator has moved a motion and does in fact wish to close the debate, it might be a preferable practice for His Honour the Speaker to say, "If the mover speaks at this time, his speech will have the effect of closing the debate."

I should think that, having moved a motion, if I wished to speak a second time, then, as mover, I might say, "I wish to speak a second time, but I do not thereby intend to close the debate." Then, if at some point I did wish to close the debate, it would be a proper procedure for His Honour to ask at that point, "Is it the intention of the mover to close the debate?" And if the assembly agreed that the debate should be closed, then it would close. Otherwise the mover would be in the ridiculous position that he could make a speech fully intending to close the debate only to find that, after he had concluded, the debate was continuing. And so it could go on and on.

It seems to me that at some point the person who moves the motion should be able to close the debate, after His Honour has drawn attention to the fact that at that time his speech would close the debate.

Hon. Allister Grosart: Honourable senators, I suggest it is not even that complicated. Rule 29 simply says that the mover of second reading or of a substantive motion shall have the right to close the debate. It does not say that it shall necessarily be closed by the mover speaking twice. It merely says that if he does exercise that right and wishes at some point to close the debate, he can ask the house if he may at this point exercise the right of closing the debate under Rule 29.

Hon. Jacques Flynn: Honourable senators, I have no objection to the suggestion made by Senator Argue or to the interpretation given by Senator Grosart. But I think that in either case our rules would have to be clarified. From my understanding of the comments of Senator Molson, I think we should suspend Rules 28, 29, 30 and 31 for the remainder of the session. If we follow the suggestion of Senator Argue, I think we will have to amend our rules to make it clear that when the mover of any motion wants to close a debate, he should warn the Senate when he rises that it is his intention to do so.

The consequence of suspending Rule 28 is that many senators will speak two or three times to a motion. In

fact, I do not think I am divulging any secret in saying that the idea behind Senator Grosart's recommendation, which the committee accepted, was to adopt the procedure followed in Committee of the Whole, where a senator may speak as often as he wants. If that is so, then, of course, you cannot accept the idea of Senator Argue without in fact amending the rules of the Senate. As a result, I think the whole matter should be referred back to the Committee on Standing Rules and Orders.

Hon. Mr. Molson: If it is the feeling of the chamber that all ambiguity would be removed if Rules 29 and 30 were suspended for the balance of this session—

Hon. Mr. Flynn: And Rule 31.

Hon. Mr. Molson: No; I do not see that Rule 31 is affected.

Hon. Mr. Flynn: What does it mean, then?

Hon. Mr. Molson: The conflicting ones are probably Rules 29 and 30.

Hon. Mr. Flynn: But Rule 31 does not apply any more.

Hon. Paul Martin: Would Senator Molson permit a question? We now have an agreement with regard to Rule 28, and that agreement stands. Would not the wisest thing be for the Rules Committee to consider the whole matter *de novo,* in light of observations made by the Leader of the Opposition with regard to the implications of Rules 29, 30 and 31? I find some difficulty here. I have not had an opportunity to really consider his suggestion, which has come to us rather suddenly.

Hon. Mr. Molson: The Rules Committee will do exactly what the house wishes it to do, and, I hope, nothing more and nothing less. I am perfectly agreeable to the suggestion made by the honourable Leader of the Government. I can only point out that the effect will be that nothing different will happen for the balance of the session. By the time it is dealt with and reported back and put into effect, hopefully we will be a week away from the summer recess. Therefore, there could not be any experiment regarding Rule 28 for the balance of the session.

Hon. Mr. Martin: My idea was not that the original decision to suspend Rule 28 should be abrogated. That will continue to be the rule of the house until the end of the session. However, to meet the point raised by the Leader of the Opposition we should consider, in order to make it fully effective, whether we should also deal with other rules. I do not wish to impose an additional burden on the already hard-worked chairman of the committee, but I do not know of any alternative.

Hon. Mr. Molson: I thank my honourable friend for his generous remarks. I can only say that I am doing the best I can to adjust to the burdens imposed upon me. I would respectfully suggest that if it is the desire of the house to continue the suspension of Rule 28, it might be wise at this moment to agree to the suspension of Rule 29. If that were done, we could consider the matter of Rules 28, 29, 30 and 31. In the meantime the problems presented to His Honour the Speaker would be eliminated.

The Hon. the Speaker: May I take it for granted that when an honourable senator has moved second reading of a bill, or a substantive motion, he will indicate when he wishes to close the debate, or I might invite him to so indicate? Before giving him the floor I would make sure that no other honourable senator wished to speak. If any difficulty should arise we will deal with it. Is that agreeable?

Hon. Mr. Flynn: I agree. However, I think the matter could be dealt with by the Rules Committee before the session terminates.

FOREIGN AFFAIRS

PROTOCOL ON CONSULTATIONS BETWEEN CANADA AND U.S.S.R. AND JOINT COMMUNIQUÉ ON VISIT TO SOVIET UNION BY PRIME MINISTER OF CANADA—DEBATE ADJOURNED

Hon. Paul Martin rose pursuant to notice:

That he will call the attention of the Senate to the Protocol done at Moscow, May 19, 1971, between Canada and the USSR respecting consultations on important international problems of mutual interest and on questions of bilateral relations, tabled in the Senate on Tuesday, 25th May, 1971, and to the Joint Communiqué on the visit to the USSR of the Prime Minister of Canada, tabled in the Senate on Tuesday, 1st June, 1971.

He said: Honourable senators, I rise to explain the protocol and the communiqué in connection with the recent visit of the Prime Minister to the Soviet Union. I acceded at once to the suggestion of Senator O'Leary last night that this was a matter that should be explained. As I indicated, I had fully intended to do so before the passage of too many days.

I tabled yesterday a copy of the text of the Canada-Soviet Communiqué issued at the conclusion of the Prime Minister's visit to the Soviet Union. This Communiqué was released simultaneously in Moscow and Ottawa on May 28, 1971. Last Tuesday, May 25, I tabled a copy of the protocol which was signed at Moscow on May 19 regarding consultation on important international problems of mutual interest and questions of bilateral interest. The text of that protocol was printed in an appendix to the *Debates* of the other house on May 20.

Although the communiqué of May 28 was tabled in the other place, I find that it was not reprinted for the benefit of members of Parliament and the general public. At this point it might be useful if it were agreed that the protocol and the communiqué should be made part of today's record, for examination by those who read our proceedings and who may wish to refer to the two documents.

Hon. Senators: Agreed.

(For texts of Protocol and Communiqué see Appendix, pp. 1071-3).

Hon. Mr. Martin: I would remind honourable senators that the protocol makes reference to the 1956 trade agreement between Canada and the Soviet Union. That agreement was signed in Ottawa on February 29, 1956. It continues to be the basis of our trading relationships with that country. It will be recalled that when the agreement was signed following negotiations undertaken by the Right Honourable Lester B. Pearson as Secretary of State for External Affairs in that year, there was wide acclaim in both Houses of Parliament.

The communiqué agreed to by the Chairman of the Council of Ministers of the U.S.S.R. and the Prime Minister of Canada on May 19 specifies that the negotiations for the renewal of the current trade agreement will begin late this year, probably in November. It should be pointed out, however, that that agreement when renewed will simply be a continuation of the agreement initialled in 1956.

It is well also to recall that in 1959, during the Prime Ministership of the Right Honourable John G. Diefenbaker, the National Research Council was authorized to enter an agreement with the U.S.S.R. Academy of Sciences. That agreement provided an opportunity for exchange visits between Canadian and Russian scientists. In the more than ten years that have elapsed, more than 100 Canadian scientists have undertaken research projects in the Soviet Union. A comparable number of Soviet scientists have carried out research in Canada. The 1959 agreement, which has since been renewed, has provided for the exchange of scientists in genetics, electrical engineering, mining engineering, plant pathology, geological sciences, insect pathology, oceanography, metallurgical chemistry and earth science.

The protocol which we are now discussing notes with satisfaction the conclusion of the agreement between the two countries on Co-operation in the Industrial Appl cation of Science and Technology. That Agreement was tabled in this chamber on February 9 this year, and was briefly discussed by the Leader of the Opposition (Hon. Mr. Flynn) and me. At that time I mentioned the hope that this instrument would aid in the exchange of information, visits of experts and businessmen, and licensing agreements in particular technological areas. I suggested that both countries had a common concern in studying such matters as permafrost conditions and severe climates, and that working groups had been assigned to investigate construction, power, the oil industry and the gas industry in the common conditions we share. The Leader of the Opposition, thinking no doubt of the National Research Council's agreement of 1959, among other matters, quite properly indicated that there had been considerable co-operation for some ten years between the Soviet Union and Canada in the scientific and technological field, and I readily acknowledge now that that was the case.

Precedents for the Soviet-Canadian Agreement on Co-operation in the Industrial Application of Science and Technology are to be found in the agreement between the Soviet Union on the one hand, and the United Kingdom, France and Italy, among other countries, on the other hand.

[Hon. Mr. Martin.]

In addition, there have been visits of political personalities to the Soviet Union. These have been on the increase, I think happily so, in recent years. I myself, as Secretary of State for External Affairs, visited the Soviet Union in 1967. Mr. Pearson was in 1956 the first foreign minister from the western world to go to the Soviet Union, other than Mr. Eden who had gone there during the period of war. A number of distinguished senators, among them our respected Speaker, Senators Connolly and Aird, and the Leader of the Opposition, visited the Soviet Union somewhat over a year ago. I am sure there are other senators, whose names do not come to mind readily, who have paid visits to our northern neighbour. In recent months the Leader of the Opposition in the other place, and the former Prime Minister, Mr. Diefenbaker, have been welcomed to the Soviet Union.

It is the intention, as is quite clear from the protocol of May 19, that future bilateral contacts and exchanges should be seen, not only as a function of relations between governments but also in the greater movement back and forth of non-governmental personalities in all fields, such as commercial, developmental, scientific, technological, cultural and touristic, all primarily in the name of particular purposes, but basically as part of the kind of intercourse that must prevail if we are to maintain a world more stable and more peaceful.

If I have spent a few moments elaborationg on the earlier stages of the development of our relationship with the Soviet Union in these matters, it is because I wish to put these recent events in perspective. Last Friday I heard it suggested that the Government was embarking on a completely new course in a new direction, and was engaged in charting a voyage in new waters. Certainly the protocol and communiqué that have been tabled are important documents. The Government has said so; I reaffirm it now. They do not indicate, however, a completely new course in a completely new direction, as a reading of both the communiqué and the protocol will indicate. The communiqué admittedly is a lenthy one, longer than most communiqués. However, that is in full compliance with the tradition of the Soviet Union, in both bilateral discussions and multilateral exchanges.

As the communiqué has not been as widely published as it might have been, I mention again that it is longer that our own communiqués, but that was because as the Soviet Union was host country we took no objection to the length provided we were satisfied with the substance of the document. Matters of particular bilateral interest, such as northern development, Arctic conditions and environmental problems, were dealt with in the communiqué, because they were matters that were discussed and negotiated. Beyond that, however, as well the communiqué mentioned aspirations with regard to a settlement in Vietnam, the common desire that Ambassador Jarring should persevere with his work in the Middle East for the United Nations, and the interests of our two countries in matters of underground nuclear testing, the prohibition of biological weapons, and the prohibition of the emplacement of nuclear weapons on the ocean floor.

The matter of future and regular consultations, which was dealt with in the protocol, has attracted a certain

amount of attention, and I suppose on that account must be commented on. Regular joint consultation between the United States and Canada was initiated as long ago as 1953 by an exchange of notes between the two governments. It has been said in the other place, and it has been said outside the precincts of Parliament, that because the Government of Canada and the Government of the Soviet Union has agreed to a form of regular consultation, this opens up a course of relationship that should have been discussed in Parliament before being consented to by the Canadian Government. The arrangement made in 1953 between the United States and Canada was not the subject of—nor did it require to be under our constitutional arrangement—any obligation for discussion in Parliament.

The Canada-Japan Ministerial Committee, which is now an annual function of the Canadian-Japanese ministries, and one which incidentally has proved so beneficial to our two countries, was the result of a joint communiqué issued on June 26, 1961, in Ottawa by the then Prime Minister of Canada, Mr. Diefenbaker, and Mr. Ikeda, the Prime Minister of Japan. We have a commission mixte with France, and consultative arrangements with Britain and with Tunisia. Agreements for regular consultation with both New Zealand and Australia were reached by the Prime Minister during his visit to those countries in May last year. When a ministerial committee travelled to Latin America in 1968 there was an exchange of notes to establish a Mexico-Canada Joint Committee, on November 22 of that year. In fact, that committee has not yet met, but arrangements have been made for it to meet this year. The fact that it has not met in no way is to be regarded as indicating that our relations with Mexico are not satisfactory. They are.

Honourable senators, we have all of these precedents, these protocols, these arrangements, which are not treaty obligations. They are precisely what they say they are, arrangements between two countries to establish a regular process of discussion and consultation. I believe that in the disturbed world in which we live no form of consultation is more desirable or more needed.

The new protocol with the Soviet Union envisages that, as the need arises, and in principle at least once a year, there should be consultation at the level of the Minister of Foreign Affairs or at the level of an appropriate representative. This will permit us to have regular consultations, but it will not oblige us to have a top-heavy negotiating team or to a taxing and excessive regularity of meetings—no more than the arrangements which we have with the United States, Japan, Mexico, France, Britain, New Zealand or Australia impose such impedimenta.

On Friday last the Prime Minister made it clear that it was the Government's intention to strengthen our relationship with such economic associations as the OECD and GATT. He re-stated our intention to continue Canadian membership in NATO and NORAD.

It is significant that the Prime Minister stated publicly in Moscow that Mr. Kosygin, the Chairman of the Council of Ministers of the U.S.S.R., signed the Protocol on the complete understanding that Canada intended to continue its full membership in the North Atlantic Alliance and is a close ally of the United States in the defence of North America.

This was the same affirmation that was made in 1956 in principle by Mr. Pearson and by me as Secretary of State for External Affairs in 1965. A year ago this very month, the papers entitled "Foreign Policy for Canadians" were released. The booklet entitled "Europe" states on page 23:

> Canada's political conversations with Eastern European governments, for example, can be more productive because participation in the NATO consultations makes the Government intimately aware of the views of its western partners. In turn, Canada can bring the results of its findings in Eastern Europe to bear on the formulation of agreed alliance positions.

I can say that it has been, at least for four and a half years, the policy of the NATO council that foreign ministers, at any rate, should not hesitate to establish the closest possible consultative arrangements with countries in eastern Europe, including the Soviet Union. I do not suppose there is any country in NATO whose foreign minister has not at one time or another carried on exchanges in Moscow, just as Mr. Pearson and I did, and just as the Prime Minister did last week.

One of our NATO allies, France, signed a protocol providing for consultations on a very wide range of issues. This was completed last October by President Pompidou of France and President Podgorny of the Soviet Union.

Hon. Mr. O'Leary: Would the honourable Leader call France a NATO ally, at this time?

Hon. Mr. Martin: I would call France a NATO ally. France does not support the integrated force concept, but the integrated force concept is not a part of the NATO treaty. France does support the alliance and does support the treaty.

If anyone recalls France's somewhat hesitant attitude towards NATO in the mid-1960s, they should remember—and perhaps this is very appropriate in view of the question put by Senator O'Leary—that after the unfortunate events in Czechoslovakia in mid-1968, France's views on the behaviour of the Soviet Union in that episode, and the NATO reaction to it, were quite similar to that of other NATO members.

We must recall, too, that the United States of America has been engaged in highly significant negotiations with the Soviet Union in recent months, in the field of strategic arms limitation talks. Only last night the President of the United States expressed strong optimism for the outcome of those talks.

It might be well also to indicate a few qualifications that, however, remain in the minds of the Canadian Government and that were in the mind of the Prime Minister as the chief representative of Canada in these discussions with the Soviet Union, which included not

only Premier Kosygin but Secretary-General Breshnev as well.

The Prime Minister in his speech in the Kremlin stated that differences remained of a rather fundamental nature between Canada and the Soviet Union involving historic, geographic, ideologic, economic, social and military factors. My colleague, the Secretary of State for External Affairs, on Friday last said that it should not be assumed that consultative arrangements like the protocol are useful only with nations with whom we are basically in agreement. Indeed, they can be more useful, I believe, where there are fundamental disagreements. Perhaps I should quote verbatim from the communiqué of last Friday in this connection. It reads:

> The Soviet side proposed that consideration should be given to the conclusion of a treaty covering economic development, technological and industrial cooperation. The Canadian side agreed to study the proposal.

I feel sure that senators, and particularly Senator O'Leary, are familiar with the way that communiqués are drafted and they will not be expecting to pick up a newspaper in the next week and learn about the conclusion of that particular proposed treaty.

The Soviet Union is also interested in the development of its exports to Canada. I need not add that the Prime Minister, as head of the Government of Canada, was interested in that arrangement likewise. Since the signing of the trade agreement of 1956 we have enjoyed a favourable and often a substantial trade balance in our favour in every year, with the exception of 1969. Clearly, the Soviet Union desires to expand its exports to Canada. It is also anxious that we should expand our imports from her. It has undertaken to turn to Canada in the first instance when it requires to import wheat—and that is a most important undertaking. Wheat has been a crucial element in our export surplus to the U.S.S.R., and we all hope that it will continue to remain a major export.

Are we not all agreed in this house that we must encourage the development of our relationships north, south, east and west? I wonder how valuable is the suggestion made by those critics of this protocol or of the communiqué that because we are engaging in these direct talks we give comfort to a country whose ideology is not acceptable to us. Surely, after all the time that has passed since 1945, recognizing as we do the character of our modern interdependent world, we will agree that if we are going to maintain peace in the world we have to have satisfactory relations with most countries in the world. That was the basis of our recent decision to recognize the Republic of China. It was the basis of our decision five years ago to urge the admission of that country into the United Nations. It is behind the Government's efforts to improve relations with the Soviet Union, just as it was one of the reasons for the visits to the Soviet Union by members of this Senate, by former prime ministers as well as by representatives of government who visited that country.

The other day one gentleman in another place asked why the Prime Minister was so ready to go to far away places with strange-sounding names. It occurred to me that not only was that sentiment wrong but the phraseology was singularly inappropriate. It recalled to me a remark made by the former British Prime Minister, Neville Chamberlain, just prior to World War II, to the effect that the Czechs were a far-off people about whom the British knew little. The Russians are an immensely hard-working and dynamic people inhabiting one of the largest countries in the world—I would say the largest country in the world. And in the world of communications of the 1970s Russia is not a far-off country. Its cities are not strange and irrelevant aberrations, and anyone who thinks so will make a serious mistake.

We currently have good relations with our neighbour to the south. We have good relations with our neighbours across the Atlantic to the east. We are in the process now of developing closer and more comprehensive relations with our Pacific neighbours in the west. We must not underestimate the potential development of our relationship with our northern neighbour. We are not as close geographically to the Soviet Union as we are to the United States, but, equally, we are not as far as we used to think we were.

The Prime Minister has invited the Chairman of the Soviet Union to visit our country. This will not be the first time Mr. Kosygin will have come to Canada. He did come once unofficially, when I had the responsibility of dealing with him, to visit Newfoundland. I am sure that when he does come here he will be welcomed as the head of the Government of Soviet Union. I am sure we will value the opportunity for further discussions.

Since the protocol was tabled and the communiqué signed there have been a number of public comments about what the protocol means. This being the first opportunity for the Government to comment on these observations, I thought this would be an appropriate time to do so. It has been suggested that everything is not in the communiqué that should be there. It has been suggested that Canada has views that are not included in the communiqué. That is true. I am sure the Soviet Union would agree that it has positions that are not included in the communiqué. Clearly, a communiqué which is issued in the name of two countries with different points of view on a variety of issues cannot fully reflect the positions of either country on any one issue. Our aim was to reflect the areas where we agree. If anyone will carefully examine the protocol as well as the communiqué and compare it with corresponding agreements, it will be seen that a very constructive effort was made by the Canadian delegation headed by the Prime Minister on this recent visit.

Let me say at once, because of the comments that have been made by so many who have been commenting on this protocol, that it is not a treaty. It imposes no obligation except to observe the intentions included in the protocol or in the communiqué. There is nothing in either document which is inconsistent with Canadian positions stated elsewhere. Nor is the communiqué prejudicial to NATO's position on specific questions such as Berlin and the principles governing relations between states.

I have seen suggestions that we had by implication given support to the so-called Brezhnev Declaration and that thereby we had given some support to an action, or to a proposal or to an affirmation of intention, that was different from positions taken by NATO. There is no basis for that whatsoever. The fact is that both in the official talks and in the negotiations on the communiqué the Prime Minister and the Canadian officials made the Canadian position very clear on a number of subjects of international interest, including the importance of Berlin and the considerations in favour of mutual, balanced force reductions.

Some people have argued that we have urged a program of mutual disengagement in Europe contrary to the spirit and the intention of our obligations as a member of the North Atlantic Treaty Organization. That is an invalid argument. The Canadian Government for at least five and a half years has been urging a program of mutual disengagement—in principle the same kind of disengagement that is envisaged in the mutual, balanced force reductions urged in Moscow by the Prime Minister.

Surely there is not anything more positive or valuable than that kind of proposal. There is no unilateral action in this. This is something that has been discussed in NATO. This is something that represents NATO objectives and NATO policy and is part of its broad sweep towards a détente in Europe.

So far as concerns any alleged inadequacy in the communiqué in respect of principles governing relations between states, it must be emphasized that it was at Canada's initiative that these principles were mentioned in the communiqué. While the wording in the Soviet-Canadian communiqué is not identical to the wording of the NATO principles, and this is alleged in the other place and outside, let me state quite emphatically that all the main elements contained in the NATO principles are covered directly or indirectly, including the principle of non-interference in the affairs of other states.

In this regard, the statement of principles in the Soviet Union communiqué is very close to the formula used in the communiqué agreed to by the Soviet Union with other visitors from NATO members such as Belgium, France, the Scandinavian countries, as well as ourselves. Having in mind the different approaches of the Warsaw Pact countries and NATO toward force reductions in central Europe, I think it is significant that the Soviet Union agreed to a document mentioning mutual and balanced force reductions, and I think it is not inappropriate for me to observe that this was included at the initiative of Canada.

In the first full paragraph on page 6 of the communiqué there appears a matter on which I think some comment should be made in view of the reactions in some places in our own country. It reads as follows:

> Canada and the U.S.S.R. believe that détente and stability in Europe would be promoted by the convening of a properly prepared conference on European security and co-operation with the participation of all European states, Canada and the United States. They consider it useful to continue consultations with each other on this question.

Now, the words I wish to emphasize there are "properly prepared" because that phrase is interpreted by Canada to include all those aspects, including Berlin, which must be brought to a certain state of preparation to enable us to get into such a conference with reasonable prospects of success.

Canada is not opposed to a European security conference. The Secretary of State for External Affairs made it clear after the last NATO meeting that we support this, but we want to make sure it is a properly prepared conference, and that this is included in the communiqué I think represents a clarification of the greatest importance. I might add that this is the first communiqué with a western country which explicitly recognizes the right of Canada and the United States to participate on an equal footing with European countries in such a conference. Both the United States and Canada have taken the position whenever there has been discussion in NATO or outside NATO of a European conference on security that because of the contributions of the United States and Canada toward stabilization in Europe, because of our contributions in World War II and because of our contributions to NATO, both countries should be part of any European security arrangement. This is acknowledged by the Soviet Union.

Finally, honourable senators, I think we should recognize that an important step has been taken. One would not want to exaggerate its importance nor should one underestimate its significance. The protocol should not be seen as a change of direction in Canadian policy because it is not a change of direction; it is rather a logical development of Canadian policy. It does not involve any new commitment but may well, I think, yield useful results both for ourselves and for our allies since it offers a forum for the exchange of views on topical subjects.

As for our improved relations with the Soviet Union generally, the protocol is not intended to upset or replace our existing associations or alliances. Its importance will be determined by the effort put into the consultation by both sides rather than by the fact of its existence.

I think our Prime Minister is serving our country well. I think that of all the visits he has undertaken, this is one in which he established the Canadian identity, and it is one in which he has clearly examined our treaty obligations and our alliance relationships. At the same time he has done what I think the people of our country and the people of the world ask of the heads of governments today; that is, without betraying their own convictions, their own principles and policies, to do everything they can to further relations with other countries regardless of ideological bent, and regardless of the frustrations of the past two decades, because only in that way will it be possible for any government, for any nation or for any man to make a contribution to the building of peace in our time.

Hon. Paul Desruisseaux: Honourable senators, I should like to ask three pertinent interlocking questions on this protocol and the communiqué. My first question is: Are the people of Canada bound in any way by the protocol done in Moscow, May 19, 1971, between Canada and the U.S.S.R.? I believe the honourable Leader of the Government answered that partly a little while ago, but in my opinion it could be elaborated on a little.

My second question is: If not, does the signing of this protocol by the Prime Minister of Canada call for a formal treaty between Canada and the U.S.S.R.?

My third question is: If the people of Canada are bound by this protocol, how admissible is this principle and how can the protocol be binding on the people of Canada without the approval of both houses of the Canadian Parliament?

Hon. Mr. Martin: I think the third question will be answered by replies I give to questions one and two. In fact, as I think Senator Desruisseaux has himself implied, I really have answered question number three in my speech. The communiqué could not in any way be regarded as anything other than an explanation of the protocol. The protocol is not a treaty. It imposes no obligations on the part of either country. It is a declaration of what the parties intend to do. Essentially what it does is to set up a means of providing for regular consultation between the two countries.

With regard to the second question, obviously it does not call for a formal treaty. There has been no indication of any intention, with regard to either the implications of the communiqué or the protocol, that it would be followed by a formal treaty.

Since approximately 1923 the practice in Canada has been that whenever the Government undertakes an international obligation in a treaty, that treaty is brought to Parliament either before the Government makes a commitment or before ratification is undertaken by Canada.

That procedure was not followed here because this is not a treaty. It therefore does not impose obligations other than those of civilized countries in their relations with one another. I think that covers the three questions.

Hon. Mr. Desruisseaux: By way of explanation I looked at the definition of the word "protocol" in *Webster's Dictionary*. The word is defined therein as:

> an original draft or record of a document, negotiation, etc.

A second definition is:

> a signed document containing record of the points on which agreement has been reached by negotiating parties preliminary to a final treaty or compact.

A further definition is:

> the ceremonial forms and courtesies that are established as proper and correct in official intercourse between heads of states and their ministers.

Hon. Mr. Martin: Senator Desruisseaux has referred to a dictionary definition of the word "protocol". The word in international practice means essentially an explanation of a position taken by one country in its relations with another.

There have been some treaties which did impose a continuing obligation, and this was done by way of a protocol. It was done, for instance, in the case of Canada accepting additional obligations under the Columbia River Treaty in 1963 and 1964 when Canada negotiated the sale of the downstream benefits in British Columbia. However the word "protocol" has been used in many instances in the way that it was used in this particular situation.

Hon. Mr. Grattan O'Leary: Honorable senators, it was said of Mr. Gladstone that he could make a budget speech sound like a sonnet. Listening to my honourable friend this afternoon, with a great deal of admiration for his skill, I might say he first made this document, this protocol, sound as if it were almost a breakthrough in history, a monumental milestone in our relations with the Soviet Republic and then, when it suited his purpose or his argument, he made it sound like nothing at all. He said it was the sort of thing we had been doing right along, not only in specific matters with the Soviet Union but with other countries as well.

I have read the document carefully and I have heard the explanations of a number of people, including the Secretary of State for External Affairs who, the other day, said that the trip to Russia and its consequences were a breakthrough in history.

Well, I must say that there are some clauses in the protocol, in the document, which make one wonder. But actually most of it is little more than a triumph of generalizations and abstractions, of vast and utter inconsequences—the sort of thing that the Soviet Government now hands out, apparently to any foreign statesman visiting Moscow. They gave one to the Austrians, one to the French, and one to someone else. As a matter of fact, we know that this document, as has been said again and again, was specifically prepared on Soviet initiative and written probably before Mr. Trudeau reached Moscow. It was ready for publication and made public the second day after he arrived in Moscow. However, if the Government regards it as more than what I have described it to be, if it is a breakthrough in history, if it is a new trend in our foreign relations, then why was this protocol not submitted to Parliament, or to this house? I know what my friend's answer is, but I am not going to accept it.

Hon. Mr. Martin: I have not even made it!

Hon. Mr. O'Leary: In support of my claim I shall read a statement made by my friend's once revered leader, the Right Honourable Mackenzie King, in the House of Commons on June 21.

Hon. Mr. McDonald: What year?

Hon. Mr. O'Leary: In 1926. In moving a resolution he said:

> ...before His Majesty's Canadian ministers advise notification of a treaty or convention affecting Canada or signing acceptance of any treaty or convention or agreement involving military or economic sanctions, the approval of the Parliament of Canada should be secured.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. O'Leary: This has been the belief of foreign experts all along.

A. E. Gotlieb, that well-known authority on Canadian international affairs, in his book *Canada Treaty-Making*, says on pages 16-17:

> A study of Canadian precedents over the years tends to confirm that governments of the day have, as a general rule, considered that the important categories of treaties for which parliamentary approval should be sought prior to ratification fall roughly into four general groups involving:
>
> (1) military or economic sanctions;
>
> (2) large expenditures of public funds or important financial or economic implications

There were economic implications in this agreement:

> (3) political considerations of a far-reaching character.

Well, if this is a breakthrough in history, if it is what the Secretary of State for External Affairs says it is, and it is what the Leader of the Government today said it was, although he contradicted himself several times, then section 3 certainly applies to Canada. It is a document in which there are political considerations of a far-reaching character. However, I will not stress that part.

I am more concerned with what the Prime Minister said in Moscow than what was stated in the ambiguous language of this communiqué and the protocol itself. Nor am I concerned with the exact legal interpretation of whether a protocol is or is not an agreement. I am sure that it is an agreement of some sort. The Prime Minister did not go to Russia to sign something that he did not regard as an agreement, that was not binding on the Government of Canada as well as that of the U.S.S.R.

Let us take, for example, the following passage in the protocol:

> 2. In the event of a situation arising which, in the opinion of the two Governments, endangers the maintenance of peace or involves a breach of the peace, the two governments will make contact without delay in order to exchange views on what might be done to improve the situation.

The two governments? Well, what if the opinion of the two governments does not coincide? Who will determine what endangers the maintenance of peace or involves a breach of the peace? What would the Soviet have said two years ago with respect to Czechoslovakia? Would they have considered that to involve a breach of the peace, or would we have agreed with them under this agreement, section 2, that their action in Czechoslovakia did not involve a possible breach of the peace?

Hon. Mr. Martin: We thought so and we still think so.

Hon. Mr. O'Leary: What would be the effect of this agreement? What is the sense of the agreement then, if we are not going to agree? If they again took steps with respect to West Germany or the Corridor which we regarded as a breach of the peace, what would be the effect of this section? What would be its value? What criteria are laid down between the two governments to determine what endangers peace?

This is what makes nonsense of a paragraph such as this. If it has any meaning, it is an evil one. If it has no meaning, what is the use of it? It says if in the opinion of the two governments—the Russians are pretty good at writing these things—something endangers peace. Well and good. But what if in the opinion of one government a certain situation does not endanger peace? This communiqué is full of that sort of thing, but that is not the point with which I am concerned today.

I was sceptical and could not believe what I read in the press dispatches, that the Prime Minister in Moscow indicated that the whole trend of this protocol, agreement or undertaking, as you wish, tended to assert Canada's independence of the United States.

Hon. Mr. Martin: May I ask Senator O'Leary, does he not believe that it should be the objective of Canada to be as independent as it possibly can of any country?

Hon. Mr. O'Leary: Yes, indeed I do and I said so last year. However, I said it to the Americans to their face, and I did not go to Moscow to say it. That is what is wrong with all this. The place to assert Canada's independence of the United States is in Canada or in Washington.

Hon. Mr. McDonald: And abroad.

Hon. Mr. O'Leary: And abroad; not in Russia, of all places.

Hon. Mr. McDonald: Why not?

Hon. Mr. O'Leary: I will come to that in a moment, and I do not think my friend will like it very much.

Hon. Mr. McDonald: I will love it.

Hon. Mr. O'Leary: He goes to Russia to assert our independence of the United States. Having a great respect, a very long time respect for the intellectual capacity and the integrity of the Prime Minister, I did not believe those dispatches. I could not believe that the Prime Minister would speak such arrant nonsense and speak it where he did. However, on Monday night I saw the televised broadcast from Moscow and heard the

Prime Minister say that Canadians were concerned with the cultural, economic and military consequences of our nearness to the United States. What do you think he had in mind when he used that word "military"? Was he thinking of NORAD? Did he have in mind the fact that today and tonight in Colorado a Canadian is there with our American allies to protect Canada from the threat of nuclear bombs, but not nuclear bombs from the United States? Is it possible to believe that the Prime Minister of Canada could go to Moscow, of all places, and express concern for Canada, military concern, because of her nearness to the United States?

My friends, there is an old canal in this city. It runs through our town with weeping willows and other trees growing over it. Very few people know or remember why that canal was built. It was built 150 years ago to protect this country from the United States. The fact that today it remains only a relic, little known and little remembered, is witness to the blessed trust that has existed between our two countries, the United States and Canada, for a century and a half. And to think that now, in the context of our world, in the light of the history of the past 25 years, the Prime Minister of Canada should go to Moscow, of all places, and there cast doubt upon our trust in the United States!

After all, for a generation the United States has possessed a nuclear power that could have blown Canada off the map of the world any night at all, and we Canadians went to bed every night and never thought of the possibility of such a thing. We Canadians today are paying and sacrificing with our allies to protect Canada from a nuclear holocaust from another country, and that country is not the United States. It is the country in the capital of which Mr. Trudeau took occasion to express his fears of our good friend and ally.

Hon. Mr. Martin: I am sure Senator O'Leary does not wish on a matter of such importance to convey, outside this house at any rate, wrong impressions. Could he produce anything that the Prime Minister said that would justify the wide and exaggerated interpretation he just made?

Hon. Mr. O'Leary: I refer to what he said the other night to the Russians. It was to court their favour, apparently, and to aid and comfort them in their clear efforts to create division between Canada and the United States. That is one of their policies; they have pursued it for years and they pursued it more successfully on the occasion of this visit of the Prime Minister of Canada. I say that the statement which I heard from the lips of the Prime Minister of Canada was one of the most mischievous and irresponsible statements made by a Canadian statesman since I have been observing public life, which is over 60 years.

Hon. Mr. McDonald: On what station and program was this broadcast to which you refer?

Hon. Mr. O'Leary: I refer to a televised statement from Moscow, broadcast by the Canadian Broadcasting Corporation on Monday evening. I am sure you can obtain the transcript of the statements. He said that we were concerned in Canada over the cultural, economic and military consequences of our nearness to the United States. Surely that is plain enough? I repeat, that was the most irresponsible and mischievous statement made by a Canadian statesman in the foreign field since Confederation. I could say a lot more about this communiqué and about his visit, but I would be sorry to have said less than I have said.

Hon. Mr. Thompson: I should like to ask a question of the honourable Leader of the Government (Hon. Mr. Martin). Does he consider this protocol will cause a weakening of the Canadian official stand towards the status of the occupied Baltic nations and other such nations within the U.S.S.R.?

Hon. Mr. Martin: It must be obvious that any arrangement Canada would make with the Soviet Union for a greater exchange of views is bound to give Canada more opportunity to discuss matters that it believes to be of great importance.

Hon. Edward M. Lawson: Honourable senators, I should like to make a few comments, having listened very carefully to the honourable Leader of the Government (Hon. Mr. Martin) speak about this. I yield to no other senator in my love and affection for the United States. As an international unionist I participate with my American brothers. While having that feeling of affection for the United States, I do not think that in any way diminishes the right of this country and its leadership to make such visits. I do not quarrel with the principle to which Senator O'Leary referred, as enunciated by the then Prime Minister, Mr. Mackenzie King. That may be just as valid today as it was then.

As to the concern of many Canadians as I know them, and their reaction to the visit, it seems to me from what I have heard, what I have detected, and my own feeling, that anything that can be done by the leaders of this Government which promotes better understanding, goodwill and a better feeling between our two countries, while in no way diminishing our relations with our friends and neighbours to the south, is something that many thousands of Canadians support.

I listened carefully to Senator O'Leary's remarks, and I thought, as I heard it, the Prime Minister said something to the effect that it was a concern of the Canadian people. I think it is a concern of the Canadian people, as to American military power and so on. Whether it is a valid concern, whether it is a justified concern, whether it ignores or takes for granted the comfort we have had from the military protection of the United States, all these things notwithstanding, I think the Prime Minister had a right to make this statement and express it as a concern of the Canadian people. It matters not to me where he made that statement. The only criticism I would offer, which is not too justified, is that the trip should have taken place sooner because of the good it will accomplish.

Hon. Mr. Flynn: Honourable senators, I move the adjournment of the debate until tomorrow.

Hon. Mr. Cameron: Honourable senators, I am pleased Senator Flynn has moved the adjournment of this debate until tomorrow, because after the valuable statement of the Leader of the Government (Hon. Mr. Martin) I think it is important that more of us have an opportunity to say something about it. I hope I may be able to express my views as well.

Motion agreed to.

AIR CANADA

MOTION TO REFER ANNUAL REPORT TO NATIONAL FINANCE COMMITTEE—DEBATE ADJOURNED

Hon. Donald Cameron moved, pursuant to notice:

That the Standing Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.

He said: Honourable senators, I will give some evidence which I think will justify this motion, but first I should like to compliment Air Canada on their most attractive annual report. It is in the best form of many kinds of annual reports that I see, and is a pretty smooth job, but in going through it I found a number of things in respect of which I think the Standing Senate Committee on National Finance would be warranted in asking for an explanation.

In raising the question of the efficiency, or otherwise, of Air Canada's current operation, let me begin by saying I am in no sense an expert on air operations or airline management, but I am an experienced air traveller, having made my first flight in 1933 from London to Le Bourget. I have had a long 38 years as a consumer of airline services. In that period of time I have flown three times around the world, and several times to Southeast Asia, to Russia, and to China.

In the early days of flying, it was my privilege to know and to fly with that distinguished "seat-of-the-pants" flying school which included men whose names are household words in Canadian flying circles—"Punch" Dickens, "Wop" May, Cy Becker, Stan MacMillan, Frank Tweed and many others. I knew these men so well that I was often invited to go for a ride with them when they, or the companies they worked for, were trying out a new plane. These men made a distinguished contribution to Canadian aviation, and out of their pioneer work came our present airlines—Air Canada, CP Air, Pacific Western, Transair, Nordair, Quebecair, Eastern Provincial Airlines, and a lot of others.

I started using Air Canada as soon as it was established, and I have been using it ever since. I have always been proud of Air Canada. It rightfully claimed to be one of the world's great airlines. Its flying personnel have established a safety record without peer among the airlines of the world, and I still think they are performing to a high standard. Under the pioneer leadership of the wartime pilot Mr. Gordon MacGregor, and his associates Mr. Symington and Mr. Wood, Air Canada became a household name and justly earned the affections of millions of Canadians who had enjoyed the service of a fine team of men who were dedicated to their work, and who set a high standard of performance and maintained a fine esprit de corps in the company and a good rapport with their customers. But time takes its inevitable toll. Mr. Gordon MacGregor, Mr. Symington and Mr. Wood have all retired and a new team has taken over.

There was great fanfare when the new team of Messrs. Pratte and Baldwin moved into the driver's seat. They were going to improve on the fine reputation of Air Canada, they were going to improve the service to their customers, and they were going to reorganize and restructure this great organization and make it even better.

There were some people at the time who questioned the wisdom of appointing two new people to the top positions, neither of whom had had practical experience in running an airline. Being Deputy Minister of Transport, as Mr. Baldwin was, certainly gave him some knowledge of air operations, but as a civil servant and not as the man who had to make the day to day business decisions. Mr. Pratte was, by his own admission, a lawyer with no airline experience whatever. In saying this, I am not reflecting on these gentlemen in any way.

Mr. Pratte has stated in his evidence before the Transport and Communications Committee of the House of Commons that he made an early decision to call in a management consulting firm to advise him on the reorganization or restructuring of the Air Canada operation. That is a perfectly reasonable management decision, regardless of whether the consultants selected were the best available or not. Certainly the firm chosen, MacKenzie Management Consultants, have had much experience. Whether that experience qualified them to advise on the special problems of operating a Canadian airline over great distances and under extreme variations of climate can only be assessed on the basis of the results obtained from the implementation of their recommendations—if their recommendations have been implemented in whole or in part.

I said at the beginning of this address that I had no expertise in running an airline, but I have a lot of expertise as a consumer of the airline's product—transportation and service. I indicated that I had been flying with Air Canada since the company was formed in 1937—that is, for 34 years. Thirty-two years of that time were flown under what we may call the MacGregor regime, and only two years under the Pratte-Baldwin regime. To make my qualifications to comment more specific, let me say that I have made 590 trips across Canada, if I may describe a flight from Calgary to Ottawa as a trip across Canada. I hasten to add that most of these trips were made either at my own expense, or at the cost of the universities which I serve or my companies. These flights were not paid for as alleged by a man who sent me a clipping from the Calgary *Herald* which

commented on a speech I made in the Senate on March 2. This gentlemen, who did not give his name, asked why should a freeloader like me complain. I hasten to explain that I am no freeloader; I never have been and never will be.

As I have said, I have flown three times around the world and made many other intercontinental flights, for a total of approximately 1,300,000 miles.

In the years 1969-70 and 1970-71, which correspond with the Pratte-Baldwin regime, I made 65 trips across Canada, one to Greece, Turkey, Israel and the Middle East, 12 to Austria and Germany, and return, several to the United Kingdom and the United States. In the calendar year 1970 I flew a total of 115,000 miles, and from January 1 to May 31, 1971 I have flown 69,390 miles, a total of 184,390 miles in 18 months. Most of this flying was with Air Canada, and it represented over 200 separate flights. So I think I am in some position to comment on the kind of service we are getting from Air Canada.

Because I was finding myself inconvenienced by what I considered to be a high percentage of late flights, I started keeping a record of the flights I made by flight number, and the length of time by which each flight was late on either take-off or landing. In fairness, let me say that I know that bad weather, fog, and many other factors can contribute to delays in departure and landing.

Because I was experiencing so many late flights, plus other inconveniences which I shall deal with, I wrote a letter to Air Canada. I received in reply from Mr. Baldwin a very courteous letter, in which he indicated that 82 per cent of the Air Canada flights were on time. I am not questioning that. It may be that they are. But it seems to me rather strange that I should pick only the late flights.

Here is the record of Air Canada from January 1, 1971 to last night when I returned from Calgary. I do not intend to read this list in full but, with your permission, I will put the full statement on the record. I shall quote just a few instances. On January 3 Flight 573 from Calgary to Montreal was 30 minutes late in arriving. On January 4 Flight 835 from Montreal to Toronto was 50 minutes late in departing, and 30 minutes late in arriving. On January 5 Flight 851 from Toronto to Vancouver was 30 minutes late on departure, and 40 minutes late on arriving in Vancouver. On January 14 the Lethbridge to Calgary charter flight was 40 minutes late, and the airplane was unheated. This was not Air Canada's fault. The temperature was 37 degrees below zero.

This list shows that a total of 22 out of 36 flights were late, and that is roughly 61 per cent. Of course, the Air Canada officials would not record all of these as being late because, according to Mr. Baldwin, they do not count a flight late if it takes off or lands within 15 minutes of the scheduled time. Well, how late is late? Why 15 minutes? Why not 20, 35, or 45 minutes?

Hon. Mr. Isnor: Are these all recent dates?

Hon. Mr. Cameron: These are dates up to last night. I can go back to something like a year ago.

The Hon. the Speaker: Is it agreed that the detailed statement be printed in *Hansard*?

[Hon. Mr. Cameron.]

Hon. Senators: Agreed.

(The list is as follows):

Date	Flight No.	Mins. late departing	Mins. late arriving
Jan. 3	573—Calgary-Montreal.....		30
" 4	835—Montreal-Toronto.....	50	50
" 5	851—Toronto-Vancouver.....	30	40
" 14	61—Lethbridge-Calgary.....	40	40
" 15	928—Calgary-Ottawa.....	20	15
" 27	—Montreal-Ottawa.....	cancelled because of storm	min. ahead of time
Feb. 2	812—Calgary-Toronto.....	30	30
" 12	961—Ottawa-Toronto.....	35	25
" 12	956—Toronto-Ottawa.....	50	50
" 16	809—Toronto-Calgary.....	5	on time
" 19	956—Toronto-Ottawa.....	15	15
" 21	978—Ottawa-Montreal.....	20	20
Mar. 2	812—Calgary-Toronto.....	on time for a change	
" 2	956—Toronto-Ottawa.....	on time for a change	
" 19	809—Calgary-Vancouver.....	50	50
" 22	109—Victoria-Vancouver.....	60	60
" 23	922—Vancouver-Edmonton.....	30	30
Apr. 27	450—Toronto-Ottawa.....	15	15
May 13	957—Ottawa-Toronto.....	30	30
" 14	450—Toronto-Ottawa.....	30	15
" 28	819—Toronto-Calgary.....	20	15

Hon. Mr. Cameron: Honourable senators, in extenuation of Air Canada, I expect they know what they are getting at. They may try to excuse themselves by saying that a plane is not late if it leaves the loading dock, say, 10 minutes after the schedule but sits out on the runway waiting for take-off clearance for 20 minutes. I suppose that is someone else's fault—the Department of Transport's—but as far as the customer, the passenger, is concerned that plane is 30 minutes late and that could mean a missed connection at the other end, or it could mean missed or delayed appointments or a lot of inconvenience.

Of all the aggravating delays in connection with flying, waiting for baggage at the end of a flight is one of the most irritating. We are still back in the horse and buggy days as far as the handling of baggage is concerned. I have waited as long as 45 minutes—and I can give the actual date—to get a bag off a flight from Toronto at the Calgary airport, and it is rarely less than ten or fifteen minutes, and more often twenty minutes. Nevertheless, I have had officials of Air Canada tell me that from the time the plane lands until baggage can be picked up the average elapsed time is seven minutes. How many of you have had that experience? Who do they think they are kidding? Or do I just have bad luck in flying by Air Canada?

In order to avoid this delay I measured the space under the plane's seats and bought a bag that would fit in it, thus saving me time, and Air Canada work in handling my bag. But again Air Canada seems to try to make this as nearly impossible as they can by installing an awkward series of pipes that in design, appearance and awk-

wardness would at least be worthy of a prize for bad design and inconvenience. I can understand their putting some sort of protection under the seats, since people are sometimes careless. In fact, I have on occasion seen bags protruding into the aisle and it could be that if someone tripped and fell the air line might have a law suit on its hands. I can understand the reason for some protection, but surely any mechanic could have made a better job of designing it than Air Canada has done.

In any event, an under-the-seat size of bag has a disadvantage for any passenger who is going to be away for several days, but such a bag could be used if the passenger were able to put an extra suit in a plastic bag and have that hung up, or put on the rack above his seat. In flying from Winnipeg to Ottawa last September I tried to put my extra suit, which I had in a plastic bag, up on the rack above me, and the stewardess very rudely told me I could not do that. I said, "On some air lines the stewardesses are courteous. They will take the plastic bag and hang it up," and she said, "There is no room." I asked, "Where am I supposed to put it?" and she replied, "It is not safe to have it up there." I told her there was nothing in it but a suit which would not hurt anybody even if it did fall, and she answered, "Put it under the seat." I said, "My bag is under the seat already," and she said, "Well, hold it on your lap." Can you see me sitting there all the way from Ottawa to Calgary—or to Vancouver, or to wherever I happen to be going—with a suit on my lap?

Hon. Mr. Connolly (Ottawa West): Did the suit have two pairs of pants?

Hon. Mr. Cameron: No, just one pair, and they were not even hot pants. I have won one battle at any rate, because I complained to Mr. Baldwin and they have changed the rule. The rule now is that you can take the plastic bag along and offer it to the stewardess. If she cannot hang it up for you, you can put it on the rack above your head. If there is no room there, you can put it under your seat. If there is no room there, then you will have to carry it on your lap.

I come now to the subject of how Air Canada pushes liquor. I do not know what kind of deal Air Canada has with the liquor vendors, but judging from the way stewardesses are required to peddle liquor on many flights, they must have some deal. It is just a disgrace. I am not a teetotaler. I will take a drink on occasion, and enjoy it. Nevertheless I do resent, as I know many other passengers resent, getting on Flight 809 from Toronto to Calgary, or its summer replacement, Flight 819, at either 6.00 p.m. or 6.55 p.m., only to have the stewardesses peddle liquor from half an hour after take-off for a solid hour and a half to two hours before they serve dinner. In other words, you are almost over Thunder Bay, and even Winnipeg sometimes, before you eat. You are lucky if you get your dinner before 8.30 or nine o'clock at night. Many people using that flight have lunch at 12.30 or 1.00 p.m. and work right through until flight time, hoping to get something to eat when they get on the plane. They find such a delay very annoying and tiring.

The airline also seems to have a penchant for pushing "doubles", which means that Air Canada collects $3 from the fellow who wants to indulge in a double. Here again perhaps the airline is trying to recoup its deficit position by peddling liquor at a price increased by 50 per cent. There was a time when Air Canada used to supply delicious Planter's peanuts with a drink, but this practice has been discontinued.

Hon. Mr. Haig: I am certainly glad that they have discontinued issuing those Planter's peanuts, because I thought they were awful.

Hon. Mr. Cameron: I happen to like them. It may be a small matter, but it is just one more of those courtesies which have disappeared with the new regime.

On balance I consider the meals on Air Canada flights reasonably satisfactory. They certainly improved after the strike in 1969. The so-called "gourmet dinner" is not bad, although it is far from first-class. What the caterer's chefs do with a filet leaves much to be desired, and the caterer must have got a bargain discount on old hens! He must also have got a carload-rate price on New Brunswick fiddleheads! Not everyone loves fiddleheads as native New Brunswickers do. Recently on the short flights the cold plate has given way to a hunk of bun and a hunk of meat—and I mean "hunk". It is neither appetizing nor esthetic. But, what is worse, all of these improvements come at inflated prices.

Talk about inflation! Air Canada seems to have invented the most refined of the gouging processes. Ten months ago the economy air fare from Ottawa to Calgary and return was $192, and under that ticket a western businessman had the option of going or coming by way of Edmonton. In fact, he could stop in Winnipeg, Regina or wherever he liked at no extra charge. That was a great convenience. But then along comes the new regime with its penchant for efficiency and improvement of the service. The new regime says, "Oh, no, you can't do that any more unless you pay an extra amount." The fare went up to $212, and when they dreamed up the $5 stop-over charge it went to $227 if you stopped in Toronto, Winnipeg, and Edmonton or Regina. On a flight that I took last February I had stop-overs for business reasons at Toronto, Edmonton, Vancouver and Victoria, and at Vancouver and Calgary on return, and it cost me an extra $30 on the fare.

Not satisfied with gouging the traveller in this fashion, Air Canada has now invoked that gem of painful extraction, the sector fare. And I must say they are not alone in doing so. What that can do to your pocketbook is painful in the extreme. It now costs $25 each way if you go to Toronto in the morning and come back in the evening. Sector fares! Two years ago that same fare was $34 return.

If you want to go on a round trip from Ottawa to Calgary with two stop-overs, such as I completed last night, then the ticket will cost you $268. My colleague in the House of Commons, Grant Deachman, indicated that one year ago the base rate for a return trip from Ottawa to Vancouver was $240, no matter how many stop-overs

were involved. That same trip today, with a total of five stop-overs, is $343 which is an increase of $103 in one year. And Mr. Trudeau said last Christmas that Canada had stopped inflation! I am afraid our esteemed Prime Minister has not been watching the shenanigans going on in the "People's Airline".

Hon. Mr. Connolly (Ottawa West): Are these rates charged by other Canadian airlines such as Canadian Pacific for the same runs?

Hon. Mr. Cameron: I do not know. I do not use Canadian Pacific very often. I think I will use it more often if I can.

Mr. Pratte and Mr. Baldwin did some rather complicated mental gymnastics in their appearance before the Transport Committee of the House of Commons on May 13. In the first place Mr. Baldwin is quoted as having said:

> An encouraging trend (in 1970) was the strong growth in the company's Atlantic scheduled passenger traffic, up 42 per cent over 1969, as the market responded to lower fares—

and so on. While the company was reducing fares on the Atlantic service with a resulting increase of 42 per cent in business, they were at the same time increasing the fares by as much as 43 per cent on the western Canadian end of the business.

Hon. Mr. Isnor: By how much did they decrease the fares on the Atlantic service?

Hon. Mr. Cameron: Five percent. At least, that is the explanation Mr. Baldwin gives.

This is the improved service of the new regime. I want to say with all the conviction I can that there is rank discrimination against the western businessman, and we are fed to the teeth with it. Let us take the situation of a western businessman coming from Vancouver to Ottawa, Toronto, Montreal, or to eastern Canada generally. If he has branches across the country or in these various cities, naturally he wants to stop over in these cities. The result is that this practice penalizes a person who wants to carry out his business in these cities. Not only are we paying outrageously higher fares from western Canada while Air Canada gives a reduction to the overseas flights, but the frequency of flights has been reduced. For example, Flight 900 from Vancouver to Winnipeg to Ottawa has been discontinued and Flight 905 from Ottawa to Winnipeg to Vancouver has been discontinued. Again, if you examine the latest timetable, you will find that there is no flight from Toronto to Calgary between Flight 803 leaving at 9.20 in the morning and Flight 819 leaving at 6.55 in the evening, with the exception of Flight 911-935 via Winnipeg at 11.55. In the same period of time, while there has been a reduction in the number of flights, some of the oldest jet planes in the service have been placed on the western run. Of course the new 747s are operating between Toronto and Vancouver. I cannot vouch for this personally, but a friend of mine who was on two recent flights told me that there were 17 passengers on one and 26 on the other. This is the situation in connection with a airplane capable of carrying 350 passengers.

Hon. Edward M. Lawson: Perhaps I can add to what the honourable senator is saying there. I was going to mention this point later but this would seem to be an appropriate time to do so. While we did have jet service on this run last year, we now have the 747s which I must say provide an excellent service. But whereas last year we were normally served breakfast on the flight leaving at 8.00 a.m., now we receive simply coffee and a roll. But we also have a movie. As I say, it is an excellent service. The aircraft are comfortable and provide plenty of space. However, I wish to object to Air Canada's decision to change the nation's capital from Ottawa to Toronto. Apparently the jet age terminates there. I remember arriving at Toronto recently too late to get the connecting flight to Ottawa, and consequently had to take a later flight which resulted in my arriving in Ottawa on a propeller-driven aircraft.

Hon. Mr. Cameron: I am sure many other honourable senators have experienced the same thing.

All of this seems to suggest that the increased fares are certainly having the effect of cutting down business, and I know this to be a fact from other people I have talked to. They are looking for other means of transportation. This is particularly true with respect to youth fares. As you know, a year and a half ago the airline introduced half-fares for young people with the result that the planes filled up and the airline in turn got the benefit of that half fare rather than having empty seats. However, they have now increased the half-fares to 65 per cent or 75 per cent fares.

In this connection I was rather interested in Mr. Baldwin's explanation before the committee of the House of Commons on May 13 where he indicated that over 50 per cent of the youths travelling on the stand-by fares would have travelled at the full fare if the stand-by fare had not been available. He said that this information was the result of a survey that he had made. I should like to know who made the survey and how authoritative it is, because this is not the information I get from young people to whom I talk, but then perhaps I talk to the wrong people. The young people I talk to are not travelling stand-by now; they are travelling by bus and rail coach or are hitchhiking.

My feeling is that Air Canada officialdom is completely out of touch with the Canadian travelling public, and I shall elaborate on this.

According to the printed proceedings of the committee of the other place, Mr. Baldwin and Mr. Pratte say that the average load factor in 1969 and 1970 was 57 per cent. Now this may be one of the reasons why I do not understand the running of an airline, because Mr. Pratte specified that the maximum load factor was 65 per cent. This may be right, but if any other business were to operate at 65 per cent of efficiency, you know as well as I do what would happen to it. I questioned this and the explanation I was given was that they could not get a higher load factor than 65 per cent because of the peak-

ing factor; the peaks went up at the weekends and down during the middle of the week. But why could they not put on an extra plane at the weekends to take care of this situation? Again, as I say, I do not know very much about the running of an airline.

Honourable senators, in a circular letter to the staff issued some time ago, Mr. Baldwin seemed to be concerned about the morale in the airline. I might say here that after I made my brief comments about Air Canada on March 2, my telephone started to ring and I began to receive letters from the airline employees. What they say certainly does not agree with what Mr. Pratte says about the morale of the staff being higher. As a matter of fact, Mr. Pratte said that as a result of the reorganization, the relations among the administrative personnel were never so good. Well, I can readily believe this. He has a nice cozy club going there. But if you talk to the people at the front desk, the baggage handlers, and the stewardesses, you will soon realize that they do not feel so happy about it.

In this connection I should like to quote Mr. Baldwin's letter to the employees which seems to be at variance with the evidence given to the committee of the other place. This letter was issued some time in February or March, and is from the president to all airline employees:

> I am concerned about an apparent increase, just in the last few weeks, of public complaint about some areas of our ground service, covering reservations, counter sales and check-in. New programmes in this connection will emerge from the Customer Service Sales Management Programme and Aircraft Services Programme, but some analysis of the nature of and reason for this is needed and the matter will be discussed at the next meeting of Regional Vice Presidents. Hopefully, as a result, we can develop comments and suggestions, since our competitors will benefit unless we can find the source of the difficulties and achieve improvement.

That is hopeful, but the staff are still complaining. If you are booked on a plane that is late you can hear the boys shunting baggage underneath and you realize that one of the reasons why the plane is late is that there are insufficient baggage handlers. At Toronto airport they have not enough staff on the front desk.

In the meantime, vice presidents have been blossoming like flowers in spring. I will mention only a few of the new ones. They may, of course, be estimable men. One is Mr. D'Amour, Vice President of the Eastern Region. Another is Mr. Jasmin who is a first-class public relations man. There is also Mr. Ménard; Mr. Mercier, Director of Labour Relations; and Mr. Jérome, Director of Promotion. Are there no people in western Canada who are capable of becoming vice presidents? All the men I have mentioned are from the east. And so it goes on.

I have been receiving a number of letters from airline employees. I will not give the name of this one because he is a manager and might probably be fired if his name were used. He writes:

> Our people at airport counters have tried to give out an official company complaint form to the many dissatisfied passengers. But an order came through that the forms were not to be given out. It appears that no one wants to know how things really are from the customer's standpoint. A friend of mine asked where were these complaint forms and he said "There are none."

Perhaps I am a suspicious character, but my hunch is that there are so many complaints that the company does not want to hear any more.

When reading the annual report one will find an increase in head office administrative services. In 1969 the cost of general administrative services was $18,135,000 and in 1970 it was $23,781,000, an increase of $5.65 million in one year. It could be that salaries have gone up a little, but when you have a proliferation of vice presidents, no matter what company it is, they all have to be housed and their offices must be furnished in the style to which they have become accustomed, and this means a proliferation of expenses. This increase in administrative overhead is being made at the expense of those who are serving customers in the front line at the counters, in baggage handling, and so on. That is another reason why we should take a look at this matter.

There is also the question of supersonics. Air Canada has paid out $865,000 towards an order for an SST. The president has said the company will get this money back. I should hope so, because I see no justification for having a supersonic airline in Canada for a long time to come. It is a question of where we are going in the airline business. All airlines are in trouble because they are buying bigger and faster planes, and are pricing themselves out of the market. We need to ask ourselves some questions about that.

I noticed that the auditing of Air Canada is carried out by a reputable firm of private auditors. That may be necessary, but I wonder why the Auditor General does not enter the picture. Probably he has too much to do. It could be that he should use a private auditing firm who would work in co-operation with him.

I am told—I cannot vouch for the truth of this, but it comes from a very reliable source—that the company changes its auditors every two years. This is a multi-million dollar business and I would think that any auditing firm, no matter how smart, would spend the first year getting acquainted with the business and in the following year would be reasonably efficient regarding its auditing duties. If this is true, then to change auditors every second year does not make sense. Mr. Sharp, when he was Minister of Finance and this matter was raised, said "Well, the airline business is a very competitive business." I agree. However, if the books of the company could be audited by the Auditor General they would be open to all, and Air Canada would have no secrets from anyone, including CP Air, that other airline of interest to Senator Manning. All Crown corporations spend taxpayers' money. Although companies such as Polymer do a good job, the public have a right to know a little more about what is going on in connection with Crown corporations. The question of whether there should be some

relation between the Auditor General and Crown corporations is one that should be looked into.

Perhaps there are areas where for competitive reasons it might not be advisable to disclose all the information, but the information should be available for anyone who is interested. This is part of the Auditor General's work. It would have a salutary effect on the CBC, on Air Canada and on some of the other organizations.

The foregoing are some of the reasons why it is desirable for us to look into the matter of the financial report of Air Canada. There are many more questions involved. For example, prepayments on new aircraft. Last year $126 million was paid out for new aircraft, and no interest was collected. Most business firms do not operate in that way, but perhaps there is a perfectly good explanation.

I also draw honourable senators' attention to the transcontinental service, which made some money last year, but in connection with which fares were down 5 per cent. A new plan went into effect with respect to this service. If a person who leaves from Vancouver for Zurich decides to stay overnight in Montreal and travel on to Zurich the next day, he has to pay a stopover charge of $30, and a similar charge coming back. This does not seem to be a good system of merchandising because it adds $60 to the cost of the return flight from Vancouver to Zurich. I could go on and on in the same vein. There may be perfectly good answers to these questions, but we should have them.

I shall not trespass further on the time of honourable senators. There is ample justification for the motion that we should require officials of Air Canada to appear before the Standing Senate Committee on National Finance to give us some answers. It is true they have appeared before the Transport Committee of the House of Commons and very interesting information has been elicited. However, much more is necessary.

Hon. David Walker: Would you not be putting your finger on it if you considered who the heads of Air Canada are at the present time? McGregor was a lifelong airman. He nominated as his successor, Herbert Seagram, a person of great distinction, who himself had spent all his life in this field. Who have we now as chairman? Yves Pratte, a law partner of St. Laurent, which is in his favour as a lawyer but does not help him to run an airline. As President, we have John Baldwin, who was Deputy Minister of Transport, a charming person, but both of them are as ignorant as Paddy's pig in running any airline.

Hon. Mr. McDonald: I take exception to that on behalf of Ireland.

Hon. Mr. Walker: With the exception of my friend over there.

Hon. Mr. McDonald: I am innocent.

Hon. Mr. Walker: As my friend knows, in any organization there must be a good executive, and the top executive must be supreme. Here we have the blind leading the blind, neither one of them knows anything about airplanes, nor airline organization. They have no training in it. They are pleasant ignoramuses in this field and it is a crying shame, because it is costing the public of Canada tens of millions of dollars every year. As long as the lack of administrative and executive ability at the top remains, Air Canada, of which we were once so proud, will continue to crumble. It is an outrage and I am very glad that my friend the honourable senator raised this point.

[Hon. Mr. Cameron.]

Hon. Mr. Cameron: I put it slightly less forcefully.

Hon. Mr. Walker: Do you not agree with what I said?

Hon. Mr. Cameron: Yes.

On motion of Hon. Mr. Beaubien, debate adjourned.

THE SENATE

APPOINTMENT OF FEMALE PAGES—QUESTION

Hon. Muriel McQ. Fergusson: Honourable senators, I have a question which I proposed to ask the leader. However, as he is absent and I will not be able to be in the chamber tomorrow or next week and I would like to have an answer, I will ask the question of Senator McDonald.

> Could the Senate give leadership in eliminating discrimination on the grounds of sex by adopting the principle of equality in relation to appointments to its staff and, in particular, in light of the fact that the United States Senate has cracked tradition and appointed girl pages and the Ontario Legislature now has four girl pages, could consideration be given to the hiring of girl pages in the Senate?

Hon. Jacques Flynn: What will be the costume, hot pants?

Hon. Mr. McDonald: I am pleased that Senator Fergusson had given notice that she intended to ask this question. I am pleased to be in a position to give her at least a partial answer. Active consideration is being given to employing young ladies as pages in the Senate. However, I understand there are discussions also taking place with educational authorities in the Province of Ontario with respect to the possibility of this service being in the nature of an extension program of the political science course in Ontario.

I think that this problem can be worked out. I can inform you that several legislatures throughout Canada now employ young ladies as pages. I can assure you that every consideration is being given to the program and it is my personal hope that it can be implemented at an early date.

Hon. Mr. Macdonald: Might I ask Senator McDonald whether any of the present pages would lose their employment if young ladies are employed as pages?

Hon. Mr. McDonald: No, they would not.

Hon. Mr. Flynn: I hope that Senator McDonald does not interpret Senator Fergusson's question as limiting the hiring of females for the job of page. I think there are other jobs that would better suit them.

Hon. Mr. McDonald: That is true. In the event we have both male and female pages we will be faced with a problem of space. The suggestion was made that perhaps some of the messengers should be female, which again presents the problem of space. It was further suggested that an appropriate solution would be to have only female pages and only male messengers. One of our committee clerks is a lady, and I know there is active consideration to giving the ladies a more equitable share of the jobs available in the Senate.

Hon. Mrs. Quart: I would like to ask Senator Fergusson if she has any age limit in mind?

Hon. Mrs. Fergusson: There is an age limit now for pages.

Hon. Mr. Flynn: A minimum age.

Hon. Mrs. Quart: I am thinking of the maximum?

Hon. Mrs. Fergusson: There is an age limit for male pages, and I presume it would be the same for female pages. I do not know what it is.

Hon. Mrs. Casgrain: Would it mean equal pay for equal work?

Hon. Mr. McDonald: Yes, definitely.

NORTHERN OIL AND GAS

GOVERNMENT TRANSPORTATION STUDY URGED— MOTION IN AMENDMENT CARRIED

The Senate resumed from Wednesday, May 26, the adjourned debate on the motion, in amendment, of Hon. Mr. Langlois to the motion of Hon. Mr. Argue:

> That this house opposes the Trans-Alaska pipeline and tanker project and urges the Government to proceed with the various economical and ecological feasibility studies of alternate routes and to report from time to time upon the most appropriate steps that in the Government's opinion may from time to time be taken to accomplish the prudent and efficient transportation of northern oil and gas; that the motion be not now adopted, but that the subject-matter thereof be referred to the Standing Senate Committee on Transport and Communications for consideration.

Hon. John M. Macdonald: Honourable senators, I wish to speak for a few minutes this afternoon to indicate my support of the position taken by Senator Argue in opposition to the amendment proposed by Senator Langlois.

It is not my intention to repeat the arguments which have been placed before you in support of the motion, or those advanced against accepting the amendment. So far as I am concerned I believe Senator Argue gave a powerful speech against the amendment and he was most convincing. I agree with him that the proposed amendment is simply a polite way of defeating the motion. I do not understand why this should be done. If for some reason or another, even if it is not a good reason, the motion is not acceptable to the Government Leader, then I think it would be a better policy and a better procedure for him just to have the motion defeated.

After all, Senator Argue is a man of intellectual maturity, one who would I think prefer to have a clear-cut and definite rejection of his motion rather than this disguised, indirect method of killing it with kindness.

I do not understand why the Government Leader is so opposed to the motion. Indeed, I would have expected the Government to welcome it and encourage its supporters to vote for it. After all, adoption of the motion might very well strengthen the position that has been taken by the Secretary of State for External Affairs over a period of time. Only the other day he said that officials of the Government had met with officials of the United States Government to express the concern of the Government of Canada about the ecological dangers of the proposed Trans-Alaska pipeline and the tanker route. He added that he expected to have another—and I stress the word "another"—opportunity on June 10 of making the same point to his opposite number in the United States. I should think the passing of Senator Argue's motion by the Senate would reinforce and give added weight to the representations the Secretary of State for External Affairs is going to make in the United States on June 10. He could then tell his opposite number that the Senate of Canada, representing all regions of Canada, has shown in no uncertain terms that it is against the proposed pipeline-tanker system, and has registered its views without any promptings from or inducment by the Canadian Government.

I do not know whether the Government Leader has discussed this motion with his colleague the Secretary of State for External Affairs. If he has not, perhaps he would do so before having his supporters kill this motion by passing the amendment. The amendment would refer the subject-matter of the motion to the Standing Senate Committee on Transport and Communications for consideration. If this were done I believe it would only be an exercise in futility.

Honourable senators, you have heard the arguments put forward in support of the motion. To me they are very convincing, and I can see no need to amend it or any beneficial purpose in doing so. Indeed, I believe it is too late, even if it were desirable. In my opinion, only high level discussions between governments, our Government and that of the United States, can prevent the Trans-Alaska pipeline and tanker system being put into operation. I believe that such discussions would have to be held in the very near future, otherwise it would be too late.

I noticed an interesting article in the *Ottawa Citizen* of last Monday, which I should like to quote in part. The headline says:

> First sales of oil, gas from Alaska.

It is a CP dispatch from Calgary. It goes on:

> The first sales contracts for the purchase of Prudhoe Bay crude oil and natural gas have been completed by Standard Oil Company (Ohio) and the Columbia Gas Systems Incorporated, Standard has announced. Under the agreement, Columbia is to purchase $200 million worth of crude oil. Deliveries are to begin with the start of production from the north Alaska reserves and the crude is to be valued at the market price of the day.
>
> The first payment by Columbia, about $60 million, is to be made around the end of June with additional payments after a permit is issued for the construction of the Trans-Alaska pipeline. Production would follow construction.

I take it from that news item that time is of the essence. That is why I believe it would be of benefit if we passed Senator Argue's motion now. It is my conviction that if the amendment is carried the committee should also include in their study ways and means of trying to clear up huge oil spills, if it is possible to do so. If one of these huge oil spills occurs, there would be tremendous damage done to our marine life and all the industries that depend upon it. I would go further and say that, in my opinion, by the time the committee completed its study, if this amendment is passed, the members of the committee might well be able to arrange to have a passage on one of these huge tankers carrying that crude oil, when they would be able to learn at first hand just what dangers would be encountered.

Feeling as I do about this matter, I must vote against the amendment and in favour of the motion.

[*Translation*]

Hon. Léopold Langlois: Honourable senators, in view of the debate which took place at the beginning of this sitting, I want to inform honourable senators that I wish to close the debate now.

[*English*]

The Hon. the Speaker: Honourable senators, I understand that the honourable Senator Langlois is indicating he is going to speak now, and that it is his intention to close the debate. Is there any other honourable senator who would like to speak at this time? Honourable senators understand that if the honourable Senator Langlois speaks now his speech will have the effect of closing the debate.

[*Translation*]

Hon. Mr. Langlois: Thank you, Mr. Speaker.

Honourable senators, I must admit I was much surprised by the position adopted by my colleagues in regard to the motion I submitted the other day in amendment to the main motion submitted by Senator Argue.

However, I feel there has been misinterpretation of my motion as being intended to delay voting or decision by the Senate on the main motion, thus applying here a practice which to my knowledge has never become established in the Senate, although it has been used and is still being resorted to in the other place, that is to say, in the House of Commons. Furthermore, had honourable senators taken the trouble to study my remarks when submitting the motion and my further comments, they would promptly have seen that my purpose was not to delay or kill the motion, as has been suggested, since I went out of my way to state repeatedly that such was not my objective, but that those on this side of the Senate wanted to submit the motion, within the shortest possible delay, to our Committee on Transport and Communications.

The other day, Senator Argue himself quoted an extract from the House of Commons *Hansard* for 1953 recording the argument used on that occasion by the Right Honourable Louis St. Laurent, former Prime Minister of Canada, who was speaking on a motion in amendment to a budget resolution. On that occasion, the former Prime Minister clearly stated that, although a fairly substantial motion in amendment to a budget resolution was in question, it was the intention of the motion and of its movers that was important, and as soon as I explained in this house the intention of this motion, it was impossible to doubt that my objective was not to kill the main motion.

First of all, I believe that here in Canada our attitude on pollution is the result of a certain feeling of guilt, because, for many years, we have completely ignored the pollution problem that is caused by the modern inventions of which we now make use. We have forgotten, for instance, that not only do tankers pollute the oceans, but, every day, industry pollutes the air we breathe in our homes and outside.

Would anyone in this house be ready to shut down industrial plants because they pollute the atmosphere?

Has anyone ever suggested that planes should be grounded because they pollute the air?

Has anyone ever suggested that our highways should be closed to motor vehicles because they cause pollution and fatal accidents every day?

Those questions show the absurdity of such an attitude and of what amounts to an obsession about pollution resulting from a feeling of guilt which we have acquired because we have, for too long, ignored the problems of pollution.

I was listening earlier to Senator J. M. Macdonald (Cape Breton) who was speaking of the possible pollution by tankers which might sail along the west coast of Canada. Is Senator Macdonald (Cape Breton) ready to suggest that Port Hawkesbury should be abandoned and closed because supertankers are likely to navigate in the vicinity and might constitute a pollution hazard in the Atlantic ocean? If we set up a rule for the Pacific coast, why not set up the same one for the eastern seaboard?

In this connection I must point out that the Atlantic coast—all eastern Canada—is entirely dependent, and

will continue to be for a very long time to come, on crude oil from Venezuela to supply its industries and its whole petroleum market.

Because of the pollution hazard are we willing to close the Atlantic seaboard and the St. Lawrence seaway to all vessels carrying crude oil?

Hon. Mr. Flynn: May I ask the honourable senator a question? Does he realize that in his remarks he opposes the substance of the main motion and that consequently he contrad cts to some extent the motion that he has proposed as amendment, and that we will finally question the val dity of this amending motion if he believes that the main motion should not be amended?

Hon. Mr. Langlois: My colleague and friend, Senator Flynn, has just prefaced his remarks by saying that he would like to ask a question and, as the house may realize, he has really attempted to refute what I said by ant cipating what he thought I was going to say. I am only trying to refute the arguments put forward by my colleagues who objected to my motion and I am not disavowing what I said when I introduced the motion. I only mentioned that the motion would have to be thoroughly discussed and, moreover, I think that it is the Leader who added the other day that it was impossible to consider the motion without examining all the proposed alternative routes for the shipment of crude oil on the Pacific coast. I am only commenting on the statements made in the present debate.

To get back to what I was saying, is it because we fear pollution that we will paralyze the economy of the country? In my opinion, it is not the right solution. I add that when we protest about the eventual policy of our neighbours, we are setting up a line of conduct for ourselves—and we can expect that our neighbours, the United States, will from now on object to tankers bringing us the oil we need from Venezuela going through their territorial waters to reach the Canadian ports on the Atlantic coast or the Great Lakes.

That is why we cannot vote on that motion without thoroughly considering all possible aspects and alternatives.

In addition, if we are afraid of pollution from tankers, I think that the solution would not be to forbid them from going through our territorial waters, but rather to take preventive steps, in order to avoid accidents such as those in which tankers have been involved. When I refer to preventive steps, I mean legislation such as Bill C-2 against maritime pollution which was passed last fall. Within the next few days, we will have the opportunity to study another bill on similar preventive measures, namely, Bill C-246, an act respecting pilotage, through which we will be asked what we think of a proposed completed revision of our Pilotage legislation, which would provide for a new pilotage system in Canadian territorial waters. We will then have a chance to suggest measures to prevent, in the future, those tankers from being a pollution hazard, and to recommend navigational security measures for the conservation of our territorial waters. It is as simple as that. I am not of those who believe, although I respect the source of the precept, that "if thy right eye offend thee, pluck it out". I do not believe in the efficiency of such drastic remedies.

Still, I would not have the whole economy of our nation destroyed in that fashion. Moreover, for those who might still have doubts and fears concerning the purpose of this motion, and suggest that the purpose of the present debate was that the Government hoped the bill would be killed by someone in this house, I refer to page 6161 of the House of Commons *Hansard* for May 28, where our Secretary of State for External Affairs, who at the time was also Acting Prime Minister, gave an answer to the member for Fundy-Royal, Mr. R. Gordon L. Fairweather, who had asked whether the Minister of Fisheries had stated government policy when he spoke of the possibility of preventing some oil companies from using the Strait of Georgia for the transportation of crude oil. Here is what the Honourable Mr. Sharp said, and I quote:

[*English*]

> I join with the Minister of Fisheries, who will be responsible for the environment, in saying that our particular concern about the movement of oil down the Pacific coast relates to those narrow waters of the Strait of Juan de Fuca and the Strait of Georgia. This is the area about which we have the most concern and on which we will be making the strongest representations to the United States government.

[*Translation*]

Reading this, I have the impression, not to say the certainty, that Mr. Sharp was formulating government policy, since he was speaking, as I said a short while ago, not only as Secretary of State for External Affairs, but also as Acting Prime Minister, in the absence of the Right Honourable Mr. Trudeau, on an official trip to Russia.

I would add, and I have already said it, I am merely repeating this, that it is the intention of the Government Leader in this House, as it is my personal intention, in as much as I have the authority to do so, and I have it, to get the Senate Committee on Transport and Communications to consider that motion without delay.

The other day, my colleague Senator Prowse raised objections which I have noted by the way, but which did not appear that important. First, he raised the objection that the Senate Committee on Transport and Communications would not be prepared to operate forthwith. He had certainly forgotten that this committee is a standing committee of this house, which can be appraised of this motion as of tomorrow, if it is passed today. He also raised another objection to the effect that, since the same matter had already been considered by a committee of the other place, there would be duplication should our committee consider it anew. Is there any objection to this house discussing the same question as was discussed in the other place? Is this house to be a mere reflection of the other one? Are we willing to accept everything

that is decided upon in the other place? If this is what my honourable friend wants, then it would be better to put an end to the bicameral system in Canada because we would then have relinquished all objectiveness if we were to adopt his suggestion. There was still another rather fallacious objection to the effect that we would summon costly witnesses. I objected. I do not think that there is any question of calling witnesses from outside because I am sure we have all the experts we need right here in Ottawa; they are available and can be summoned to give evidence and answer any important question that could be asked in this regard.

Now that I have said all that, and since I do not want to take any more of your time for fear that I be accused of filibustering, or trying to kill the bill, I shall resume my seat after having reiterated my recommendation to my colleagues that the motion be referred without delay to our Standing Committee on Transport and Communications which would certainly report to this house after careful consideration.

Before resuming my seat, I would like to repeat what I said to Senator Argue in private, that if he were not a member of the Standing Committee on Transport and Communications, I would do everything in my power to have him appointed on it.

I hope, and I repeat what I already said the other day, that he will give the committee a hard time, that he will fight as we are used to see him fight here in the Senate. I am sure that he will convince his colleagues of the significance of his motion.

[*English*]

The Hon. the Speaker: It is moved by the honourable Senator Argue, seconded by the honourable Senator Macdonald:

> That this house opposes the Trans-Alaska pipeline and tanker project and urges the Government to proceed with the various economical and ecological feasibility studies of alternate routes and to report from time to time upon the most appropriate steps that in the Government's opinion may from time to time be taken to accomplish the prudent and efficient transportation of northern oil and gas.

In amendment it is moved by the honourable Senator Langlois, seconded by the honourable Senator Smith:

> That the motion be not now adopted, but that the subject-matter thereof be referred to the Standing Senate Committee on Transport and Communications for consideration.

Is it your pleasure, honourable senators, to adopt the honourable Senator Langlois' amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Honourable senators, as there is in my mind uncertainty as to agreement, I am going to ask those who are in favour of the motion in amendment to please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against the motion in amendment will please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

(*And more than two honourable senators having risen.*)

The Hon. the Speaker: Please call in the senators.

Motion in amendment of Hon. Mr. Langlois carried on the following division:

YEAS

Honourable Senators

Boucher	Isnor
Bourget	Kinnear
Bourque	Lafond
Carter	Laird
Casgrain	Lamontagne
Connolly (Ottawa West)	Langlois
Cook	Lefrançois
Denis	Martin
Desruisseaux	McDonald
Duggan	McElman
Eudes	McNamara
Fergusson	Robichaud
Fournier (De Lanaudière)	Smith—27.
Inman	

NAYS

Honourable Senators

Argue	Lang
Beaubien	Macdonald (Cape Breton)
Belisle	Méthot
Blois	Molson
Davey	O'Leary
Flynn	Quart
Grosart	Walker
Haig	White—16.

The Hon. the Speaker: I declare the amendment carried.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See page 1053*)

FOREIGN AFFAIRS

PROTOCOL ON CONSULTATIONS BETWEEN CANADA AND U.S.S.R.

Inspired by a desire to develop and strengthen relations of friendship, good neighbourliness and mutual confidence between the two countries,

Expressing a desire for co-operation in the interests of maintaining international peace and security in accordance with the Purposes and Principles of the Charter of the United Nations, and

Conscious of the responsibilities of the Soviet Union and Canada as Members of the United Nations to promote the preservation of peace,

Believing that the Soviet Union and Canada can contribute toward the above goals by acting in a spirit of co-operation, mutual respect and reciprocal benefit,

Endeavouring to improve and further develop relations between the two countries by means of high-level contacts, expanding ties and exchanges in the fields of economy, trade, science, technology, culture and northern development,

Noting with satisfaction the conclusion of the Soviet-Canadian agreement on Co-operation in the Industrial Application of Science and Technology, and the development of trade on the basis of the 1956 Trade Agreement,

Conscious of the responsibility of the two sides to preserve and protect the environment of the Arctic and the sub-Arctic areas,

Fully determined to go on developing political and economic co-operation,

The Chairman of the USSR Council of Ministers and the Prime Minister of Canada have agreed on the following:

1. The Soviet Union and Canada shall enlarge and deepen consultations on important international problems of mutual interest and on questions of bilateral relations by means of periodic meetings. Such consultations will embrace:

—question of a political, economic and cultural nature, environmental questions and other subjects concerning relations between the two countries;

—international questions, including situations causing tension in various parts of the world, with a view to promoting détente, furthering co-operation and strengthening security;

—problems which are the subjects of multilateral talks, including those considered at the United Nations;

—any other subjects in respect of which the parties may find it useful to have an exchange of views.

2. In the event of a situation arising which, in the opinion of the two Governments, endangers the maintenance of peace or involves a breach of the peace, the two Governments will make contact without delay in order to exchange views on what might be done to improve the situation.

3. The provisions set forth in paragraphs 1 and 2 above do not affect obligations previously assumed by the parties in respect of third states and are not directed against any of them.

4. The conduct of such consultations between the Soviet Union and Canada is designed not only to promote the welfare of their peoples and develop relations between them but also to contribute towards better relations among all countries.

5. These consultations, at levels to be determined by mutual agreement, will have a regular character. The Ministers of Foreign Affairs or their representatives will meet whenever the need arises and, in principle, at least once a year. Either party is free to recommend the holding of such consultations, including the time and level at which they should be held.

Moscow, May 19, 1971

Chairman of the Council of Prime Minister of Canada.
Ministers of the USSR.

JOINT COMMUNIQUÉ ON VISIT TO SOVIET UNION BY PRIME MINISTER OF CANADA

At the invitation of the Soviet Government, the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, and Mrs. Trudeau paid an official visit to the Soviet Union from May 17 - 28, 1971.

During their stay in the Soviet Union, Mr. Trudeau and his party held official discussions in Moscow and visited Kiev, Tashkent, Samarkand, Norilsk, Murmansk and Leningrad. They were thus able to acquaint themselves with the life and work of the Soviet people and many of the achievements of the USSR in the economic, scientific and cultural fields.

The Prime Minister of Canada laid wreaths on the tombs of the Unknown Soldier in Moscow and Kiev and at the Peskaryovskoye Memorial Cemetery in Leningrad.

The distinguished guest from Canada and his party were everywhere accorded a hearty welcome testifying to the friendly feelings of the Soviet people towards the Canadian people.

Prime Minister Trudeau had a talk with the Secretary General of the Central Committee of the CPSU, L. I. Brezhnev. He also had a talk with the Chairman of the Presidium of the Supreme Soviet of the USSR, N. V. Podgorny. Conversations were held between Mr. Trudeau and the Chairman of the Council of Ministers of the USSR, A. N. Kosygin.

Taking part in the discussions were:

On the Canadian side: Ambassador of Canada to the USSR R.A.D. Ford, Parliamentary Secretary to the Prime Minister B. J. Danson, Dr. Stanley Haidasz, M.P., Walter Deakon, M.P., Under-Secretary of State for External Affairs A. E. Ritchie, Principal Secretary to the Prime Minister Marc Lalonde, Deputy Minister of Industry, Trade and Commerce J. H. Warren, Deputy Secretary to the Cabinet M. A. Crowe, Special Assistant to the Prime Minister Ivan Head, Assistant Under-Secretary of State for External Affairs J. G. H. Halstead, Press Secretary to the Prime Minister P. M. Roberts and other officials.

On the Soviet side: Deputy Chairmen of the Council of Ministers of the USSR N. K. Baibakov, V. A. Kirillin, V. N. Novikov; USSR Minister of Foreign Affairs A. A. Gromyko, USSR Minister of Foreign Trade N. S. Patolichev, Deputy Minister of Foreign Affairs of the USSR S. P. Kosyrev, USSR Ambassador to Canada B. P. Miroshnichenko and also Heads of Departments of the USSR Ministry of Foreign Affairs E. N. Makeev, O. N. Khlestov, Y. N. Cherniakov and other officials.

The discussions were held in an atmosphere of frankness and cordiality and provided the opportunity for a useful exchange of views on the present state and future prospects of Canadian-Soviet relations as well as on major international problems of common interest. The Canadian side outlined the basic aims of Canadian foreign policy, while the Soviet side outlined the decisions of the 24th Congress of the CPSU on questions of foreign policy. They agreed that all countries, regardless of their social systems, should seek to develop relations based on reciprocity and mutual confidence and should resolve any problems by negotiations.

The two sides expressed satisfaction with the general trend towards improvement of Canadian-Soviet relations. They are convinced that the further development of good-neighbourly relations corresponds to the national interests of the peoples of Canada and the Soviet Union and promotes the relaxation of international tension and the safeguarding of universal peace. With this in mind the Prime Minister of Canada and the Chairman of the USSR Council of Ministers signed a protocol designed to enlarge and deepen consultations on important international problems of mutual interest and on questions of bilateral relations by means of periodic meetings.

The two sides emphasized the importance of contacts at all levels and expressed their mutual desire to develop exchanges of visits of government and political leaders, representatives of commerce, science and technology, culture, non-governmental organizations and tourists.

The two sides reviewed the present state and future prospects of economic, scientific and technological cooperation between the two countries. The two governments agreed that there are favourable opportunities for increasing and diversifying trade in both directions to mutual advantage. They noted that Canadian-Soviet trade over the years has been fruitful and that the deliveries of Canadian wheat play an important part in this trade. They instructed the appropriate agencies to work out proposals on ways of further developing trade relations between the two countries. It was agreed that negotiations for the renewal of the current trade agreement should begin in November or December this year in Moscow.

They also agreed to instruct the appropriate agencies to study the possibilities of further expanding cooperation in the field of air transport.

It was noted that the expansion of mutually advantageous economic, scientific and technological relations has been promoted by the Agreement between the Governments of Canada and the USSR on Cooperation in the Industrial Application of Science and Technology, signed on January 27, 1971. The two sides agreed to render all possible assistance in the active implementation of the programs undertaken within the framework of the Mixed Canadian-Soviet Commission on Cooperation set up pursuant to that agreement.

The Soviet side proposed that consideration should be given to the conclusion of a treaty covering economic development, technological and industrial cooperation. The Canadian side agreed to study the proposal.

Taking into account the fact that the Arctic regions, distinguished by their particularly severe climatic and ice conditions, are of great importance to both Canada and the Soviet Union, the two sides discussed the possibilities

of promoting cooperation in developing the northern territories and agreed to expand the exchange of experience in this field between Canada and the USSR. Both sides shared the view that they have special responsibilities and corresponding rights with respect to ensuring the safety of navigation and preserving the natural balance in the Arctic regions.

The Governments of Canada and the Soviet Union noted the importance of developing as far as possible international cooperation for the solution of the problem of the human environment. The United Nations Conference on Human Environment Problems planned for 1972 should be a significant step in this direction.

The Governments of Canada and the Soviet Union expressed their desire to expand exchanges between the two countries in as many areas as possible, on the basis of reciprocity and mutual advantage. For this purpose they confirmed their intention to negotiate a general agreement on exchanges to develop further contacts in the fields of culture, education, and science.

During the exchange of views on major international problems, the Governments of Canada and the Soviet Union confirmed their desire to continue efforts to strengthen universal peace and reduce international tension. They expressed their firm conviction that all questions at issue between states should be solved by peaceful means in accordance with the purposes and principles of the United Nations Charter. The discussions revealed that Canada and the USSR hold similar views on a number of international problems.

The two governments attach great importance to strengthening security and promoting multilateral cooperation in Europe. They emphasized the need for effective measures to further reduce tension, and for the normalization and improvement of relations among all European states on the basis of the principles of independence and sovereignty, territorial integrity and inviolability of frontiers, renunciation of the use of force or the threat of force, non-interference in internal affairs and the settlement of disputes by peaceful means.

Canada and the USSR believe that détente and stability in Europe would be promoted by the convening of a properly prepared conference on European security and cooperation with the participation of all European states, Canada and the United States. They consider it useful to continue consultations with each other on this question.

The two sides expressed their conviction that the strengthening of international security and the safeguarding of universal peace are important objectives to be pursued, in particular through appropriate measures of disarmament.

Both sides support the reduction of armed forces and armaments in areas where the military confrontation is particularly dangerous, and especially in Central Europe. They discussed the recent proposals made by the Secretary General of the Central Committee of the CPSU, L.I. Brezhnev before the 24th CPSU Congress and in Tbilisi for various measures of disarmament as well as the Canadian suggestion placed before the Conference of the Committee on Disarmament regarding underground nuclear testing. The Prime Minister of Canada outlined also the considerations in favour of a mutual and balanced reduction of forces. He welcomed the recent initiative of the USSR and other socialist countries for a convention prohibiting biological weapons and both parties expressed the hope that a convention could be concluded this year. The two sides expressed their satisfaction of the conclusion of the Treaty on the Non-Proliferation of Nuclear Weapons and the Treaty on the Prohibition of the Emplacement of Nuclear Weapons and Other Weapons of Mass Destruction on the Sea-Bed and the Ocean Floor and in the Subsoil Thereof.

The two sides expressed serious concern over the tense situation in the Middle East. They emphasized the need for efforts by all the states concerned with a view to achieving a just and lasting peace settlement in the area on the basis of the full implementation of the Security Council Resolution 242 of November 22, 1967. For this purpose the Governments of Canada and the Soviet Union expressed themselves in favour of the continuation of the mission of Ambassador Jarring, the Special Representative of the United Nations Secretary General in the Middle East.

Views were exchanged on developments in Indochina which are causing anxiety. Hopes were expressed on both sides that a viable peace would be re-established in Indochina.

Canada and the Soviet Union attach great importance to the United Nations. The two sides confirmed their determination to seek to strengthen the organization and to enhance its effectiveness in maintaining universal peace and security in accordance with the United Nations Charter.

Both sides expressed their satisfaction with the exchange of views that took place and emphasized the usefulness of maintaining regular personal contacts between the leading statesmen of the two countries.

Prime Minister Trudeau expressed gratitude and satisfaction for the warm hospitality he enjoyed in the USSR and extended an invitation to Chairman Kosygin to visit Canada at a mutually convenient time. The invitation was gratefully accepted.

THE SENATE

Thursday, June 3, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Lambert (Edmonton West) has been substituted for that of Mr. Alexander on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-242, to amend the Senate and House of Commons Act, the Members of Parliament Retiring Allowances Act, and An Act to make provision for the retirement of members of the Senate.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

RULES OF THE SENATE

REPORT OF COMMITTEE ON STANDING RULES AND ORDERS

Hon. Hartland de M. Molson, Chairman of the Standing Committee on Standing Rules and Orders, presented the following report of the committee:

The Standing Committee on Standing Rules and Orders, pursuant to Rule 67(1)(d), having examined the Rules of the Senate, recommends the following amendments:

1. Page 10, Rule 19: Strike out paragraphs (f) to (i) inclusive, and substitute therefor the following:
   "(f) question period;
   (g) orders of the day;
   (h) inquiries;
   (i) motions."

2. Page 10, Rule 21: Strike out lines 1 and 2 thereof and substitute therefor the following:
   "21. Unless otherwise ordered by the Senate, orders of the day take precedence according to priority as follows, precedence always being given to orders of the day relating to legislation under paragraphs (b), (c) and (d):"

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Molson: Honourable senators, I move that it be taken into consideration at the next sitting of the Senate.

Motion agreed to.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, June 8, 1971, at 8 o'clock in the evening.

Honourable senators, there are some among us who felt that perhaps we should sit on Monday evening of next week rather than Tuesday, because as you know we are drawing to that period when we hope to have a summer recess. However, in reviewing the work that is before us and what we anticipate will come before us in the immediate future, we felt it would be better to sit at the usual time on Tuesday next. If need be, we could sit on Friday or we could sit on Monday, June 14. It did not seem appropriate to sit on Monday, June 7.

Motion agreed to.

STATUTORY ORDERS AND REGULATIONS

AMENDMENTS TO HAZARDOUS PRODUCTS ACT AND PUBLIC OFFICERS ACT—QUESTIONS

Hon. Allister Grosart: Honourable senators, I have two questions to direct to the Leader of the Government. When he began to answer them the other day I thought for a moment that he had been reading my mail, until I recalled that I had given him notice. This is an unusual case of haste and speed on the part of the Leader of the Government in replying to questions, and I certainly commend him for it.

The two questions arise from amendments published in the *Canada Gazette,* Part II, dated Wednesday, May 26, 1971. The first question refers to SOR/71-199 under the heading, "Hazardous Products Act, Schedule to the Act, amended".

In effect, I asked Senator Martin what was the reason for and the effect of the amendment to Part II of the schedule to the Hazardous Products Act, which was amended to include ceramics used for food storage. The reason I asked was that the schedule to that act was

debated at some length when the bill was before this chamber.

The second question refers to SOR/71-201, headed "Public Officers Act and Seals Act, Formal Documents Regulations, amended." There is an amendment to the regulation which brings into the scope of the act grants of pardons by the Governor General and pardons under the Criminal Records Act.

I now ask what is the reason for and the effect of these amendments?

Hon. Paul Martin: Honourable senators, there are two questions being asked and as Senator Grosart now indicates, he had given me notice of intention. With regard to SOR/71-199, the answer is that the purpose of this order was to provide minimum safety levels for the lead content of glazed ceramic tableware used for food or liquids.

In future, glazed ceramic tableware or kitchenware must not release more than seven parts per million of lead in an 18-hour period when allowed to stand at room temperature filled with a 4 per cent acetic acid solution. While most china and stoneware will comply with the new standard, some products of the earthenware type would not meet the standard.

With regard to SOR/71-201—

Hon. Mr. Grosart: Before the honourable Leader of the Government proceeds to the second question, may I ask him if it has been found that there is food contamination from glazed ceramics? Has he any information on that, because my question asked for the reason as well as the effect of these amendments.

Hon. Mr. Martin: I cannot answer that, but I shall give a supplementary reply as soon as possible.

The purpose of SOR/71-201 (Public Officers Act, Seals Act) is to distinguish between pardons granted by the Governor General under the authority of the Letters Patent constituting the office of Governor General of Canada, and pardons granted by the Governor in Council under the provisions of the Criminal Records Act, assented to June 11, 1970.

Hon. Mr. Grosart: If I might make a supplementary comment, I thank the leader for his answers but I would have to say they are in about the same kind of bureaucratic semantics as the notices I find in the *Canada Gazette*. The reason I asked the question was that so often we read these amendments to regulations in the *Canada Gazette* but since they are not before Parliament we do not know what exactly is behind them. Therefore, I would respectfully suggest to the Leader of the Government that if any subsequent questions of this kind are addressed to him, the answers might be a little more detailed than those he has given and not merely a bureaucratic recital of the kind he has given us.

Hon. Mr. Martin: I cannot agree with that premise at all. The mere fact that the honourable senator takes the position that there is a tone of authoritarianism in the reply does not mean that that is the case. The purpose of the SOR in this case is to give notice to those concerned so that they will have an ample opportunity to examine the substance.

Hon. Mr. Grosart: My point is that Parliament is not given the same opportunities.

Hon. Mr. Martin: On that point the senator is not right.

HON. MAURICE LAMONTAGNE, P.C.

FELICITATIONS ON HONORARY DEGREE

Hon. Daniel A. Lang: Honourable senators, before the Orders of the Day are called, I should like to ask leave to bring to the attention of the Senate the act that a significant honour is to be conferred on one of our senators.

The Hon. the Speaker: Honourable senators, is it agreed that honourable Senator Lang shall have leave to speak on this matter now?

Hon. Senators: Agreed.

Hon. Mr. Lang: Honourable senators, I regret that the subject of my remarks is not present in the chamber this afternoon. Nevertheless, I did not wish to miss this opportunity to bring this matter to your attention.

On June 7 next, the University of Toronto in convocation is conferring an honorary Doctor of Laws degree on Senator Maurice Lamontagne. This honour is being conferred upon Senator Lamontagne in recognition generally of his long and outstanding public service to Canada, and in particular in recognition of the signal contribution he has made as Chairman of the Special Senate Committee on Science Policy. I know we will all be gratified by this honour to be conferred on one of our colleagues, and I personally am particularly gratified because this honour comes from the University of Toronto.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Lang: Thank you. If I may say so, this is a university which is considered to be at least first among equals among the universities of Canada and indeed of North America. I do not need to remind honourable senators that it is the largest university in terms of enrolment in Canada, having a full-time student body both graduate and undergraduate of 32,000 people. I may also say without immodesty that it has the highest record of academic excellence, which is borne out by the fact that this year 27 University of Toronto students received the coveted Woodrow Wilson awards. This number was exceeded by only one other university in North America, namely, Harvard University, which attained just six more.

I know that it is as gratifying to other honourable members as it is to myself that this foremost English-speaking academic institution is the first such institution in Canada to so honour our distinguished French Canadian colleague. I am very proud of this fact. I know that honourable senators will agree with me that it is an honour richly deserved.

Hon. Mr. Grosart: I was wondering whether, in view of the very extensive praise of the University of Toronto

given by Senator Lang, it was his intention to declare a special interest?

Hon. Mr. Lang: I intended to keep that out of sight for the moment.

Hon. Mr. Grosart: I might say that the interest to which I referred is the fact that Senator Lang is a member of the Board of Governors of that university.

FOREIGN AFFAIRS

PROTOCOL ON CONSULTATIONS BETWEEN CANADA AND U.S.S.R. AND JOINT COMMUNIQUÉ ON VISIT TO SOVIET UNION BY PRIME MINISTER—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the inquiry of Hon. Mr. Martin:

> That he will call the attention of the Senate to the Protocol done at Moscow, May 19, 1971, between Canada and the U.S.S.R. respecting consultations on important international problems of mutual interest and on questions of bilateral relations, tabled in the Senate on Tuesday, 25th May, 1971, and to the Joint Communiqué on the visit to the U.S.S.R. of the Prime Minister of Canada, tabled in the Senate on Tuesday, 1st June, 1971.

Hon. Jacques Flynn: Honourable senators, this protocol between Canada and the U.S.S.R., which was signed May 19, appears to be part of a peace plan—a peace plan which seems to have been drawn up by the Russians and agreed to by Canada.

At first glance the document gives every impression of being a rather harmless one, a document of which peace-seeking nations in search of developing friendlier ties with similarly disposed countries could hardly disapprove.

But close scrutiny of the document does give rise to certain thorny questions. For example, section 2 of the protocol reads:

> In the event of a situation arising which, in the opinion of the two governments, endangers the maintenance of peace or involves a breach of the peace, the two governments will make contact without delay in order to exchange views on what might be done to improve the situation.

The significant words are "in the opinion of the two governments"—Senator O'Leary commented on that yesterday—and "endangers the maintenance of peace or involves a breach of the peace".

For example, since the U.S.S.R. is convinced that the presence of the United States in Vietnam endangers the peace of the world, and since Canada is at least uneasy about the U.S. position, can we conclude that Canada is obliged to join with the U.S.S.R. in condemning without reservation U.S. intervention in Vietnam?

What happens if only one government is of the opinion that peace is being endangered? What are the criteria to be used in determining that which endangers the maintenance of peace?

[Hon. Mr. Grosart.]

The other sections are of secondary importance and express noble intentions to the effect that there will be regular consultations on questions pertaining to relations between the two countries on international problems, on subjects raised in the United Nations, and on various other questions of mutual interest. The protocol is an agglomeration of seemingly well-intentioned vagaries except for two items, peace and the environment of the Arctic. However, these subjects could probably have been more effectively treated by means of an exchange of notes.

The significance of this protocol pales when one compares it with the Canada-U.S.S.R. Agreement to create a mixed Commission on Co-operation in the Industrial Application of Science and Technology, to which the Leader of the Government referred yesterday. There was an instance when our two countries agreed to work together in a specific manner, in a well-defined area, and after having experimented in a practical way for many years in such co-operation.

If there is one thing we should strive for in our dealings with other nations it is clarity and precision. These qualities are unfortunately absent from the protocol which is the subject of the present debate.

Inasmuch as it was inspired by Canada, this protocol and, in fact, the entire Russian visit, was quite obviously designed to project the image of Mr. Trudeau as the man who would bridge the gap between the West and the communist bloc. We are the first country in the Americas to sign such a peace protocol with the Russians. We are the second NATO nation to do so. France has already signed a similar type of protocol but, as everyone knows, France no longer participates in the NATO military program.

Hon. Mr. Martin: That is not accurate.

Hon. Mr. Flynn: Well, it is outside the combined—

Hon. Mr. Martin: The integrated force.

Hon. Mr. Flynn: The integrated force, that is what I meant. Perhaps I should have used other words, but I think my meaning was quite clear.

Though government officials vociferously deny it, there is nevertheless more than a little ambiguity with regard to Canada's attitude toward some of the more important issues affecting Atlantic collective security and East-West relations.

Is this protocol a way of circumventing NATO—a further attempt at trying to minimize the importance to the defence of the free world of this organization? Was this protocol our way of giving implicit notice that we plan to further reduce our participation in NATO and NORAD? Are we and NATO to go separate ways? Whose brand of peaceful co-existence are we going to buy? That of NATO or that of the Warsaw Pact? Or a new hybrid variety?

The NATO nations are in favour of troop cuts, but on an Alliance-negotiated basis, not on a unilateral basis as Canada did last year. They insist upon certain prerequisites for an East-West conference on European security.

Are we going to settle for less? Many of the pronouncements of the Prime Minister in Russia I would in charity attribute to a lack of expertise in diplomacy, if I were not so sure that he is too clever to have made what appear at first glance to be blunders of gigantic proportions. I rather think that the right honourable gentleman, faithful to an old practice, may be leading us off on a unilateral course which would appear to have neutralism as its final destination. I hope I am in error, but what else are we to conclude, honourable senators, when following upon our unilateral withdrawal of forces from Europe we now endorse Mr. Brezhnev's call for a reduction of armed forces in central Europe, without insisting that these be "mutual" and "balanced"?

Hon. Mr. Martin: Well, we do.

Hon. Mr. Flynn: That has not been the case up to now.

Hon. Mr. Martin: No, but in the communiqué and the protocol that is stated to be the objective of both countries, mutually balanced forces in Europe.

Hon. Mr. Flynn: That may be so, but Canada has acted otherwise up to now.

Hon. Mr. Martin: So have other countries—Britain, France, the United States.

Hon. Mr. Flynn: No, not the United States. The question has been discussed, but only Canada up to now has decided to reduce its contribution to the NATO forces.

Hon. Mr. Martin: Six years ago the United States made reductions.

Hon. Mr. Flynn: Six years ago, after having discussed the matter with the other countries, but not on a unilateral basis as was done by Canada.

We are in a very poor position to be lecturing our allies on how they should be more open to the Russians, how they should temper their mistrust. As a result of the way we welshed on our commitments to NATO last year, we have lost a great deal of our credibility on the international scene. Why did we agree with the Soviet Union on "inviolability of frontiers" as one of the principles on which European stability should be based? Bonn wanted to extract from the Soviets an agreement as to security safeguards for West Berlin before signing a similar agreement, and NATO heartily supported them in this. Why did we cut the grass from under their feet?

The principles outlined in the communiqué tabled yesterday have a distinctly different flavour from those laid down by the NATO ministerial council in Brussels last December. Those adopted by the council were:

> Sovereign equality, political independence, and territorial integrity of each European state, non-interference and non-intervention in the internal affairs of any state, regardless of its political or social system, and the right of each European state to shape their own destinies free of external constraint.

It would appear we settled for a lot less in our recent dealings with the Russians. Why? And I would ask the Leader of the Government why? What is our position vis-à-vis NATO? I should hope the Government's position will be made clear before this debate is ended. It has certainly not been explained satisfactorily yet. There is indeed more to this protocol than catches the eye. The Prime Minister, it appears, looks upon it as one of the ways we have of asserting Canada's independence with regard to the United States.

One would have thought that if that were his preoccupation, establishing our independence from the U.S., he might more sensibly have sought to sign a protocol with the U.S. in which each would assert the fact that they are independent from the other. But, of course, this is entirely unnecessary. Diplomatic relations between the U.S. and Canada have not been too good since the present Canadian administration took over. They will be worse now. Most of us do not feel that our independence is seriously jeopardized by our having to share a continent with the most powerful nation, economically and politically, of history.

I should hope, honourable senators, that further elucidation on the part of the Government will not be long in coming. Much of what was said by the Prime Minister while on his visit to Russia has left our friends and allies confused. They are beginning to wonder if we can be counted upon.

If this Government does not assert—I do not say reassert, but assert—our unqualified adherence to the principles of NATO, if this Government does not repair the damage it has done to our friendly relationship with our traditional friends and allies, then this Government is even more unrepresentative of the Canadian people than anyone has ever suggested.

I listened with interest to what the Government Leader had to say yesterday, and I should tell you that I was relieved to see that his heart was not really in it. His defence of the Government's position somehow sounded hollow. Absent was the usual fervour, the characteristic bristling defence of his master, right or wrong. Could it be that Charles Lynch, according to the article in the Montreal *Gazette* of this morning, is right? Could it be that Senator Martin feels the Government has gone too far this time?

Hon. Mr. Martin: I fully support what the Government has done, and I think Charles Lynch was in error.

Hon. Mr. Flynn: I am sure he stands corrected.

Hon. Mr. Martin: I told him that this morning, good-naturedly.

Hon. Mr. Flynn: That Senator Martin, who went from being a hard-line anti-communist during the Conservative administration of Mr. Diefenbaker, to something of a devotee of peaceful co-existence from 1963 on, should now be less enthusiastic about these new attempts at rapprochement than is the Prime Minister and leader of his party, would be difficult to understand.

It has been suggested by the Government that this protocol is exactly the same as earlier protocols and

agreements. This constitutes an extremely poor exercise in obfuscation. The agreements entered into during the administration of Messrs. St. Laurent and Diefenbaker were in keeping with the policies of the times. We were already allied with the United States when we entered into consultative agreements with them. We were already endeavouring to expand trade and other relations with Japan when agreement was reached on the Canada-Japan Ministerial Committee. There was nothing controversial about the Mexican agreement brought about by the exchange of notes in 1968. Such is not the case with this protocol. It must be considered in the light of the illuminating commentaries of the Prime Minister.

It is quite obvious that insinuations with regard to our independence and how it is menaced, to the overpowering United States presence on this continent, and to the economic, cultural and military threat which the United States represents, were calculated to indicate a new course to be followed in our international relations. What we have now is a double alignment, which in some quarters, with plenty of justification, may be looked upon as a doublecross.

This protocol, the events which surrounded its signing, and the comments upon it which issued forth from the mouth of our Prime Minister, will gain us no real friends and risk alienating devoted allies.

Hon. Mr. Thompson: I should like to ask the Leader of the Opposition (Hon. Mr. Flynn) a question. I am, as he probably recognizes, from Ireland. I was born in Ireland, and I look at the sad plight of that country and think of the long memories of its people in connection with Dragheda and Wexford, with Cromwell, always reaching back into history. Senator Flynn referred to Senator Martin and the anti-communist posture. Is there a period when we start to work with people? Is there a time when we should be trying to work with people, despite the sins, the terrible sins, that were done in the past?

Hon. Mr. Flynn: I am not opposed to promoting good relations with the U.S.S.R., and I think that when I came back from my trip there last year I was quite clear on that point. I am not against it. What I have been criticizing with regard to this protocol is the manner in which it was drafted and the misunderstanding which may result therefrom. I was not at all critical of the idea of improving relations with the U.S.S.R., and I do not think there is anything in what I said to suggest that.

Hon. Mr. Yuzyk: Honourable senators, with leave of the Senate I should like to adjourn this debate until after the next item on the Order Paper has been dealt with. I have discussed the matter with the two Whips, and in order to allow Senator O'Leary to make his speech I should like to defer my speech until immediately after that item.

Hon. Mr. Martin: So that we can go on with legislation.

[Hon. Mr. Flynn.]

The Hon. the Speaker: Honourable senators, is it agreed that Order No. 1 should be reverted to immediately after we have disposed of the next order?

Hon. Senators: Agreed.

GOVERNMENT ORGANIZATION BILL

SECOND READING—DEBATE CONTINUED

Leave having been given to proceed to Order No. 4:

The Senate resumed from Tuesday, June 1, the adjourned debate on the motion of Hon. Mr. Connolly (Ottawa West) for the second reading of Bill C-207, respecting the organization of the Government of Canada and matters related or incidental thereto.

Hon. Mr. Grattan O'Leary: Honourable senators, this bill is called an omnibus bill. It is a sort of package deal, which I think most of us in this house and in the other place should dislike and, if we could, reject. I have read the bill fairly carefully. There are some things in it that I believe are good and that I would like to support, but there are other things in it that I dislike and that I would not like to support. Why should I be asked to vote for the whole thing in one package? Why should I be compelled to accept things to which I object just because I have to vote for some things in which I believe?

I listened the other day to Senator Connolly (Ottawa West) introducing the bill. I am always interested in Senator Connolly's speeches, because they are delivered with scholarship and understanding, and usually with great lucidity. But I seemed to detect a bit of boredom in the speech he delivered the other day. In fact, in his concluding remarks he clearly indicated that he had not been supplied with facts that would justify his giving his benediction to the bill. However, I am perfectly satisfied to proceed with a bill that does not get full benediction from the other side.

In dealing with the particular matter I shall try to discuss, namely, ministers of state, I suppose it could be argued that the other place has a perfect right to determine its procedures and its characters as it pleases, since the special character of the changes being made affecting the other place do not in fact affect this part of Parliament. What I object to in this bill is contained in clauses 13 to 15. What I find a bit disturbing, and what I think we should all find disturbing, is the tendency towards big government. We live in an age when an obsession with bigness seems to determine many of the actions taken by government. We have big government, big labour, big business, big highways, big this and big that—what somebody has called "giantism".

The clauses permitting the creation of ministers of state curiously enough provide that these ministers can be created without debate in the House of Commons. The Government says that under this clause which begins, "Where it appears to the Governor in Council that the requirements for formulating and developing new and comprehensive policies . . .", a new minister is to be appointed, and the House of Commons, the other branch of the Parliament, is not even permitted to debate the

necessity for the creation of that new ministry or branch of government.

What is going to be the result of this? Most of us in this house can remember back to World War II. In World War II we had armed forces on land and sea, and in the air; we maintained a great army in Europe; and we built up a navy which, at the close of the war, was the third or fourth largest in the world. We had a minister for naval affairs, a minister for defence, and a minister for air. Despite what we were doing then, fighting the most terrible war in history, we got along with 23 ministers and 9 parliamentary secretaries, and without executive assistants. Today we have 28 ministers, and I doubt if you could cast a pebble on Sparks Street without hitting a parliamentary secretary or an executive assistant. This is what is happening to this country.

If and when this bill goes through—and I am sure it will go through—it is going to make the other place, the other branch of Parliament, almost an extension of an already monolithic bureaucracy. You are going to have—at least, there is provision for this—138 members of one party who could have jobs of some kind. We hear often now about the silent majority. We know that there is a silent majority in the other place. It is going to become more silent, more muted, because of lovely expectations of things hopefully to come. Practically everybody will be working for the Government. There is no getting away from this. We are moving into a position where Canada must be one of the most governed nations in the world.

Under this bill, when it becomes law, we will have a cabinet of 28 ministers, with 16 parliamentary secretaries, one assistant speaker, one assistant whip, one vice president of house committees, and one chairman of Liberal committees. This makes 61 Liberal members with a job. There will be 61 members of one party, the party supporting the Executive, with jobs. I submit that this is undermining the independence and the whole character of a democratic house.

What has Parliament become today? What has become of its ancient prerogatives of independence? Parliament is based on that. Without independence of Parliament, we have no Parliament at all. When more than one-third of its members are in the employ of the executive, I see —and I am sure other members do also—an understanding of the real purpose of Parliament.

I have heard charges made—and I have not agreed with all of them—that the Prime Minister has been designing and planning to undermine Parliament. I agree entirely with some of the things he has said. I agreed entirely when he set up a separate bureaucracy of his own to check the other bureaucracy. I agree with that. Some of my colleagues do not agree with me. I do not complain too much about the 40 or 42 men the Prime Minister has in his office, because I think these men are checking ministers, checking the bureaucrats who used to fool, misrepresent, and mislead their ministers, especially new ministers. On the other hand, it is impossible to agree with this trend or tendency towards bigger and bigger government.

Honourable senators, let us go to some other country and see what they have got. In England they have 50 ministers against our 32. England has 20 members of her inner cabinet, and 30 others in the cabinet who are ministers of state and who cannot speak on policy but can only answer for the activities of their departments.

That is a total cabinet of 50 out of 634 members of Parliament. We have 264 members and we are going to have about one-third of them either in the Cabinet or as parliamentary secretaries, or holding some other position in the pay of the Executive, and, because of this one cannot expect, having regard to human nature, that they will be independent, as they should be as members of Parliament. Actually what we are getting in the House of Commons, because of this bill, is an extension of the bureaucracy. The House of Commons has become a part of the bureaucracy; an extension or an annex of a party monolithic bureaucracy.

Honourable senators, as an example I turn to Australia, a country almost comparable to our own. Australia has 12 ministers in the Government, and 14 who are not, for a total of 26 ministers. Of those 21 are from the House of Commons, and 5 are from the Senate. Australia, like Canada, also has its provincial legislatures.

Let us look at India. Here is a country with tremendous problems, with 300 million people, but with a cabinet composed of 15 members. There are also 15 ministers of state. The lower house consists of 500 members, and there are 15 members of the cabinet.

We are going to have some 35 or more ministers, because this act permits the Government to create as many as it wants. There is nothing to stop it, not even a debate in the other place. The Government will simply announce it is creating a new minister—not a minister without portfolio, but a minister of state. It is interesting to observe that the minister of state is going to get a bigger salary than a minister without portfolio.

Why do they want these people? What are they going to do? When you create a minister of state and give him a parliamentary secretary and an executive assistant, what do you do? You create another department of government, and under Parkinson's law that department will grow and grow and grow.

That is what has been happening in Canada for the last six, eight or ten years. It is hard to realize that it is now costing close to $2 billion just to service the national debt. That is $2 billion a year in interest alone, and a lot of that is due solely to the increase in Government. The overhead cost of government offices, parliamentary secretaries and more and more staff, has grown by 76 per cent in the last six years. It has grown in fact from $1 billion in 1963 to $1.76 billion in 1969. The cost of the prime minister's office alone has increased by 500 per cent in that period of about five years.

I am not criticizing all that, and I am not taking back what I said a moment ago. I disagree with many of my colleagues on this, but I do support what the Prime Minister has been doing in his office, because I feel that the bureaucrats should be checked. I have lived a long time in Ottawa with the bureaucracy, and I know of

cases where ministers have been misled, misdirected, fooled, and laughed at by bureaucrats. I am sure the Leader of the Government knows even better than I just what happens. For these reasons I believe Mr. Trudeau is right in bringing in experts to check the propositions brought before the cabinet. From time to time propositions were put before the cabinet by ministers who did not understand what those propositions were all about because they had been misdirected and misled by their staffs.

But bureaucracy aside, let us compare Canada with some of the other countries in the world. France has a population of 45 million people, but its cabinet consists of 19 members, while Canada has a cabinet consisting of 38 members. France has a National Assembly of 779 members. It has no provincial nor state governments. West Germany has a cabinet of 16 members, and a federal Diet composed of 496 members. Japan has a population of 83 million, and a House of Representatives made up of 467 members. Japan has no provincial governments, and its cabinet consists of only 21 members.

And why all this floor space in Canada? I have been trying for some time to find out from the British information department just how much floor space the Government of the United Kingdom occupies in London I have not been able to get the exact figures, but I will take a wager with any member of this house that the Government of Canada today occupies more floor space in Ottawa than the Government of the United Kingdom occupies in London.

Honourable senators, go to London and see what kind of offices they have there. Those of you who have been there must know. Go to the Admiralty, the Foreign Office, the Colonial Office, and the War Office. You will find ministers and officials in old, musty offices. But here you cannot pick up a morning paper without reading that the Government has taken up another thousand or more square feet of floor space in yet another new building—sometimes a new building built by their friends. You might read in the same paper that the Government is putting up its own new building. Look at that new building, for example, for External Affairs on Sussex Drive.

Hon. Mr. Martin: Please do not criticize that because that was my idea.

Hon. Mr. O'Leary: I am terribly sorry, but it is a monstrosity. It is an ugly building.

Hon. Mr. Martin: You are going to hurt me more than you have ever done, if you keep on like that.

Hon. Mr. O'Leary: I remember very well what the External Affairs Department was like under Sir Wilfrid Laurier. My honourable friend was not here then, but I was, and I remember that that department consisted of one man, William Mackenzie. After him came Joseph Pope, who ran it practically by himself. Then came Loring Christie, one of the most brilliant minds we have ever had in the Department of External Affairs.

Hon. Mr. Martin: Hear, hear.

[Hon. Mr. O'Leary.]

Hon. Mr. O'Leary: And following him was another very great Canadian, Oscar Skelton. That department has grown so much over the years that I have known it that last year it spent over $55 million.

If any of you are travelling abroad I suggest that you visit our embassy in Rome. I think it is outrageous. Go to London, and study what goes on in our High Commissioner's office there. I recall going to Havana a few years ago. What did I find there? An ambassador living in a magnificent embassy. It was almost as good as the British embassy or the American embassy. He was a full-fledged ambassador with a Cadillac and chauffeur, but when I inquired what our trade with Cuba was I found you could almost put the whole thing in your eye.

What the people of the External Affairs Department are doing could, for the most part, be done by trade commissioners and consul generals. What we want is trade. We do not want young men giving cocktail parties and learning how to pass a teacup. That is not what Canada needs. In Australia, New Zealand, and New York and a number of other cities in the United States, I have seen consul generals and trade commissioners doing real work. But I have seen in other parts of the world, such as western Europe, young so-called diplomats with their striped pants and coat-tails who were not doing a good job for Canada. Yet it is costing us over $50 million a year, and this has all happened in the last eight or ten years.

Hon. Mr. Martin: Would my honourable friend permit a question? It will enable me to put myself on record. Would he not agree that perhaps on reflection he does the Department of External Affairs a great disservice, because in my judgment there are no more dedicated people in the Public Service than those young men and women?

Hon. Mr. O'Leary: I can well understand what my friend is saying, because I know the very good reputation that he personally had in the Department of External Affairs. Moreover, it is true that there have been some very good men in that department. They were my personal friends. Norman Robertson, one of the deep philosophical minds in Canada, was a dear, long-time personal friend of mine. I knew all of those people, but they would tell me privately what was going on in the Department of External Affairs, and what was going on was a lot of expensive nonsense.

A few years ago the Government's policy was to rent buildings because it was cheaper to rent than build. That policy has apparently been abandoned. Look at the monstrosity of ugliness they are building for the National Defence Department. They are building it between two bridges, and only a few years ago we expropriated a huge tract of land on the flats for the sole purpose of building a pentagon. But for some extraordinary reason that idea was thrown overboard. Now, every day, I drive by this monstrosity of a building, and it almost makes me ill to contemplate what it will cost. Its cost will surely be in the tens of millions of dollars. It is building after building, and rental

after rental, all adding up to an enormous cost which is mounting beyond any reasonable estimate.

I do not have the figures with me but if you check the growth of our civil service you will see that it has increased quite beyond reason. If you compared the percentage growth of our civil service over the last 20 years with that of the civil service in the United Kingdom, you would find that ours is vastly bigger.

This all stems from the nonsensical attitude we adopted a few years ago of calling ourselves a "middle power". I saw that term "middle power" just the other day. Considering Canada a middle power, we are going all over the world, trying to tell people how to conduct their lives. We are meddling in Cyprus, Rhodesia, and here, there and everywhere.

Honourable senators, we will make little contribution towards setting the world's house in order unless and until we first show a capacity to set our own house in order. Our business is in Canada. This is the very thing that made Britain great. Why did Britain become great? Because Britain thought of Britain first, last, and all the time. But we have not learned that yet. We are always, with some sort of curious nostalgia, worrying about the demise of the British Empire and what is going to succeed it. We are worrying about the Commonwealth, but the Commonwealth today is nothing; it is dying. The old Commonwealth of Australia, New Zealand, South Africa and Canada is no more. Who would want to go to a so-called Commonwealth conference today and discuss matters of confidential concern? Would you have gone there with Mr. Nkrumah? Would you have gone there with a man who has taken the Queen's image off his coins?

Then we have what they call the Inter-Parliamentary Union. We are active in that. If ever there was an example of industrious futility, that is it. I have gone to those meetings. I have gone to NATO meetings, and I have seen for myself what has happened to resolutions passed there. They have passed resolutions, they have talked, and they have choked themselves with paper, and in the end when asked if the NATO Council had accepted these resolutions or if anything had happened anywhere because of these meetings, the answer would have to be no.

We are running away with the nonsense that we are a great country. I remember a few years ago when I was discussing the rise in costs, a distinguished member of this house, Senator Croll, said, "Oh, but you are not counting the fact of the growth in the gross national product." Did we expect that the gross national product was to keep on growing? The trouble is that we keep on building overhead but the gross national product declines—in fact it may disappear, but the overhead still remains. That is what has happened in Canada. That is why today the interest on our public debt is nearly $2 billion. Just think of that. The interest on our public debt today is more than the deficit of four years combined—and that is just the interest. This has happened because we have run away with the idea that we are a great and powerful nation, a middle power, and so we have incurred these expenses. Yet people come to us and say, "Why don't you do more about foreign aid?" Do you know why we cannot do more about foreign aid? It is because we have already sliced the pie, and there is nothing left.

I remember when my friend the Government Leader was one of the great protagonists of social security. I remember when he used to speak at length in the other place about social security, the poor, and this, that and the other thing. The fact is that we have not been able to afford these things, and we cannot afford them now. And year after year we are plunging deeper and deeper into debt.

Hon. Mr. Martin: Those were the days.

Hon. Mr. O'Leary: Yes, those were the days when my friend used to rise in the House of Commons and with trembling voice ask the Government what it was going to do about unemployment and the poor. That soprano voice would question the Government about the awful predicament of the unemployed. But at that time, honourable senators, the rate of unemployment was 4 per cent and today it is 6½ per cent, and it is growing and it is going to continue to grow. Today that trembling voice is mute.

There is much more I could say about this awful bill. There are some good things in it, but not many. May I say to the Government Leader that I should like some day—and I do not think it will take too long—to be back with the Government party and to hear my honourable friend once again with his voice trembling plead for the unemployed and the poor. Today, as I say, his voice is muted.

Hon. Mr. Martin: May I just quietly observe to Senator O'Leary that there is no one sitting on that side of the house whom I would more like to see here on the Government side than Senator O'Leary. But although I know he is going to live a long time, I also know that I shall not live long enough to see that glorious day.

Hon. Mr. O'Leary: Wait until next year.

On motion of Hon. Mr. Macdonald, for Hon. Mr. Walker, debate adjourned.

FOREIGN AFFAIRS

PROTOCOL ON CONSULTATIONS BETWEEN CANADA AND U.S.S.R. AND JOINT COMMUNIQUÉ ON VISIT TO SOVIET UNION BY PRIME MINISTER OF CANADA—DEBATE CONTINUED

Leave having been given to revert to Order No. 1:

Hon. Paul Yuzyk: Honourable senators, as I listened intently on June 2 to the speech of Senator Paul Martin, the Government Leader in the Senate and the former Secretary of State for External Affairs, extolling the possible benefits that might accrue to Canada from the U.S.S.R.-Canada protocol and communiqué signed by Prime Minister Trudeau in Moscow on May 19 this year, I tried to imagine what these "blessings" would be. We know from this protocol that "the Soviet Union and

Canada shall enlarge and deepen consultations on important international problems of mutual interest and on questions of bilateral relations by means of periodic meetings." These relations are to be improved by means of "high-level contacts, expanding ties and exchanges in the fields of economy, trade, science, technology, culture and northern development."

To my knowledge, since the Canadian formal diplomatic recognition of the Soviet Union, the only evident benefits have come from trade, particularly the sale of wheat, which to a degree aided our economy but which of course helped to save the constantly faltering Soviet economy in agriculture. The cultural exchanges have been preponderantly one-sided; Canada has been receiving many Soviet ensembles, choirs, circuses, et cetera, together with propaganda and spies, but rarely do Canadian groups tour the U.S.S.R. I have never heard of the communist regime in Moscow sharing advanced scientific and technological knowledge, experience and developments with the capitalist countries. Furthermore, in this field we are getting more and will get more from the United States, Britain, Germany and Japan, who in most respects are ahead of the Soviet Union. We therefore stand to benefit very little from the U.S.S.R., but the U.S.S.R. can benefit much more from us. *Quo vadis,* Canada?

Let us pay attention to the political motives of the Soviet Union. The communiqué states that the two governments

> —emphasized the need for effective measures to further reduce tension, and for the normalization and improvement of relations among all European states on the basis of the independence and sovereignty, territorial integrity and inviolability of frontiers, renunciation of the use of force or the threat of force, non-interference in internal affairs and the settlement of disputes by peaceful means.

Canada has always adhered to these principles, for she has never had imperialist designs. But what is the record of the Soviet Union? Can the Russian communist leaders be trusted? Having taught Russian and Soviet history at two Canadian universities for 20 years, I would like to present some facts which should help us to assess the foreign policy of the U.S.S.R.

In my speech to the Senate on November 18, 1969, I gave a documentary account of the Soviet subversion of the United Nations. In the pursuit of world communism and Russian imperialism the Soviet government has consistently employed the tactics of deceit, intrigue and subversion.

Lenin, the founder of the U.S.S.R., adhered to dictatorial control of his Bolshevik party, but he did not hesitate to issue promises of "land, bread and peace" as well as freedom, which, as subsequent events proved, were not intended to be kept but were merely a means of obtaining power.

Take, for example, one of the first decrees of the Soviet of People's Commissars dated November 15, 1917, eight days after they came to power, concerning the subjugated people of the Tsarist Russian empire:

> 1. All peoples of Russia are equal and sovereign;
>
> 2. The peoples of Russia have the right of self-determination including the right of secession from Russia and of the establishment of independent national states of their own;
>
> 3. All national and religious-national privileges and restrictions shall be abolished;
>
> 4. The national minorities and ethnic groups in Russian territory shall be given every opportunity to develop freely.

When the Bolsheviks were in power under the leadership of Lenin, the various subjugated peoples asserted their "right of self-determination, including the right of secession from Russia and the establishment of independent national states of their own." One after the other, the non-Russian peoples proclaimed their independent states, sixteen in number. Soon after, however, the Russian communist regime subverted and conquered by force all those independent states, and these nations are again part of the Russian empire under totalitarian rule, not much different from the autocratic Tsarist regime.

Not only did the Russian communist government make a general declaration of self-determination, but we also have its formal acknowledgement of this right with respect to the Ukraine, dated December 17, 1917:

> We, the Soviet of People's Commissars, recognize the Ukrainian National Republic and its right to separate from Russia or to make an agreement with the Russian Republic for federative or other similar mutual relations between them. Everything that touches national rights and the national independence of the Ukrainian people, we the Soviet of People's Commissars, accept clearly without limitations and unreservedly.

That was certainly a strong declaration, but it proved to be deceitful and perfidious, for at the time of its announcement the Russian communist government immediately had a Ukrainian Soviet Republic established in Kharkov, another city in the Ukraine, in direct opposition to the democratic Ukrainian National Republic. This Ukrainian Soviet Republic claimed to possess the sovereignty of an independent state, but when it became a member of the Union of Soviet Socialist Republics in 1922, it lost its sovereignty, including the right of amending its own constitution, maintaining its own armed forces, conducting its own foreign policy, directing its own financial affairs, et cetera. Ukraine, as a consequence, became a mere province under the rigid control of the centralized Russian communist government in Moscow.

It was exactly the same with Lithuania. The Peace Treaty in 1920 included the Soviet Union's declaration that she

> ...recognized without reserve the sovereignty and independence of the Lithuanian state with all of the juridicial consequences resulting from such recogni-

tion, voluntarily and forever renouncing all sovereign rights possessed by Russia over the Lithuanian people and territory.

Similar treaties were drawn up with Estonia and Latvia. This did not deter the same regime 20 years later from invading and occupying these small Baltic countries and establishing Soviet Socialist Republics under the domination of the Kremlin.

Deceit, as has already been noted, is a basic tactic of Soviet policy in the subversion of the free world. During the celebration of the fiftieth anniversary of the communist Soviet revolution, and the "glorious" achievements of the Soviet regime, Alexei Kosygin, the Prime Minister, boastfully proclaimed, as reported in *Pravda,* June 20, 1967, that:

> In the fifty years of her existence the Soviet Union has respected all other nations, great as well as small. Every nation is entitled to establish an independent national state of its own.

I repeat:

> Every nation is entitled to establish an independent national state of its own. This is one of the basic principles of Soviet policy. Supporting the right of self-determination of nations, the Soviet Union condemns and resolutely opposes the attempts of any power to conduct an aggressive policy and to work for the annexation of foreign countries... No country in the world could claim to have solved the nationality problem as successfully as the Soviet Union... No nationality in our country is discriminated against.

Consider the sincerity of the resolution introduced in the United Nations in December 1965 by Andrei Gromyko, the Soviet Foreign Minister, who took part in all the protocol discussions.

> No state has the right to intervene directly or indirectly, for any reason whatever, in the internal and external affairs of any other state. Consequently armed intervention and all forms of interference of the state or against its political, economic and cultural elements are condemned.

These declarations of Gromyko and Kosygin were obviously false, for it did not deter the Soviet government from sending the Red Army, together with the forces of its satellite states, to invade and occupy its socialist satellite, Czechoslovakia, in August 1968, just as it had done during the uprisings in Hungary in 1956. The Soviet Russian Empire was established by force and it will evidently be maintained by force under a totalitarian system which cannot allow "liberalization", democracy and freedom to make headway within its jurisdiction.

The grim record of the Soviet Union proves that it has constantly broken its treaties, agreements and protocols, all of which are purely means to achieve its imperialistic ends. How can any free nation have any confidence in the declarations of the Soviet leaders? Knowing the needs and designs of the Soviet Union, how can Prime Minister Trudeau have faith in the U.S.S.R.-Canadian protocol and communiqué? I cannot see that Senator Martin can say with pride that the Canadian Government is charting a new voyage in new waters. If Canada, in the pursuit of peace, abandons the principles of freedom and justice to peoples and individuals, this new voyage will have disastrous conseqences for the Canadian people.

Hon. Mr. Martin: That, of course, the Canadian people and the Canadian Government are not doing.

Hon. Mr. Yuzyk: That remains to be seen, whether we are going to sacrifice the principles of the cornerstone of our foreign policy, peace, freedom, prosperity and justice.

Hon. Mr. Martin: I agree, but I do not think that we are abandoning them.

Hon. Mr. Yuzyk: Well, I hope we will not abandon them. Certainly, knowing the honourable senator, I know that while you are there they will not be abandoned, but what can happen in the future?

Hon. Mr. Martin: I do not know what other government will follow us.

Hon. Mr. Yuzyk: By the signing of this protocol does Mr. Trudeau believe that Canada will become a partner with the U.S.S.R.? May this not be a partnership in the Soviet Russian crimes against nations and humanity? Will this step not weaken our alliances with our neighbour, the United States, and other free states of the world? Why was this document drawn up in secrecy and not referred to the Canadian Parliament? Trudeau's boldness could turn out to be rashness.

Immediately upon his return to Canada, Prime Minister Trudeau showed evidence that he had been brainwashed by Brezhnev, Kosygin and Gromyko and began toeing the Soviet line.

Hon. Mr. Martin: Would Senator Yuzyk permit me to interject by way of a question?

Hon. Mr. Yuzyk: Certainly.

Hon. Mr. Martin: I am sure that we all understand his concern about matters of this sort, but in view of the importance of the problem, does Senator Yuzyk—

Hon. Mr. Macdonald: Mr. Speaker, on a point of order, this is a question.

Hon. Mr. Martin: This is a question.

Hon. Mr. Macdonald: Well, ask your question and do not raise points.

Hon. Mr. Martin: I am surprised at Senator Macdonald becoming cross with me. This is the first time he has had a cross word for me.

Hon. Mr. Macdonald: In that case you had better watch your step.

Hon. Mr. Martin: I am hurt beyond words. I am sure Senator Yuzyk, in a matter of this importance, would

not wish to have conveyed to the Soviet Union or any other part of the world that the head of the Government of his country is deserving of such characterization. Any Canadian who is head of the Government of Canada would work in the interests of peace in a responsible way, and that is what the Prime Minister is doing day in and day out.

Hon. Mr. Macdonald: Honourable senators, on a point of order, may I suggest that the Leader of the Government make his speech later.

The Hon. the Speaker: On this point of order, may I invite honourable senators who may wish to ask a question of the honourable senator who has the floor to put their questions and refrain from making speeches. I would remind all honourable senators that under the amendment to the Rules and Orders they have the opportunity now to speak more than once. I now return the floor to Senator Yuzyk.

Hon. Mr. Yuzyk: Thank you, Your Honour. I think, Senator Martin, that I will answer your question in the course of this presentation. I do not make statements unless I can back them up, and I am very much concerned about the image of Canada that the present Prime Minister of Canada has left, which is not the best.

On the question of the violation of human rights in the Ukraine, in the CBC radio interview on Sunday, May 30, he stated:

> My position in the Soviet Union or in Canada is that anyone who breaks the law to assert his nationalism does not get too much sympathy with me.
>
> I did not particularly feel like bringing up any cases which would have caused Mr. Brezhnev or Mr. Kosygin to say—

He is already conscious of what they are going to say.

> "Well, you know, why did you put in jail certain FLQ leaders? After all, they think they are only fighting for the independence of Quebec. Our people say they are fighting for the independence of the Ukraine. Why should you put your revolutionaries in jail and we should not put ours?"

As if Mr. Kosygin and Mr. Brezhnev state this.

> The Prime Minister told the house that just as he opposed separatism in Canada, he was "not supporting the independence of any part of any other country which is recognized under international law."

Here he outrightly admits that he does not want to offend Brezhnev and Kosygin, but does not hesitate to offend the freedom-loving Ukrainians. The Canadian Prime Minister proved his utter ignorance, or else wanted to disregard the truth, when he compared the imprisoned Ukrainian intellectuals with the FLQ leaders. These Ukrainian intellectuals such as Valentyn Moroz, Chornovil, Karvansky and others are not revolutionaries or nationalists; they did not throw bombs, kidnap or murder anyone; they did not wish to overthrow the state and change the constitution.

Unlike the leaders of the FLQ, these intellectuals were using all legal means to have the law applied as set forth in the constitution of the Ukrainian Soviet Socialist Republic. Article 103, Section VIII of this constitution guarantees: "Equality of the right of citizens of the Ukrainian Soviet Socialist Republic irrespective of their nationality or race in all branches of economic, state, cultural, social and political life."

Article 105 guarantees the freedom of speech. Article 14 of Section II goes so far as to state: "The Ukrainian Soviet Socialist Republic reserves the right of free withdrawal from the Union of Soviet Socialist Republics". These Ukrainian intellectuals in opposing the Russifications policy of Moscow in the Ukraine and in defending the cultural rights in their country demanded their rights guaranteed in their constitution and in the charter of the United Nations. They were tried and sentenced in secret, closed trials and condemned for opposing the dictatorship of the Russian communist party. All democratic and freedom-conscious Canadians who oppose arbitrary law, sympathize with these brave Ukrainian intellectuals. The Canadian Government should come to their defence if it believes in the principles of freedom, truth, justice and the rule of law.

There is no excuse for Prime Minister Trudeau to be ignorant of the facts, particularly when he is dealing with the largest imperialist, totalitarian police state in the world. He had received some time ago a booklet of documents entitled "Violation of Human Rights in Ukraine," published by the World Congress of Free Ukrainians, composed of all the free and democratic Ukrainian organizations in the world. Such books as *The Chornovil Papers,* published by McGraw-Hill, and John Kolasky's *Two Years in Soviet Ukraine,* written by a Canadian communist leader who learned the bitter truth when he recently visited Ukraine, are in the Library of Parliament and were recommended to Mr. Trudeau before his trip to the Soviet Union.

Letters and telegrams have been and are pouring into the Prime Minister's office protesting against the insult. I wonder if Prime Minister Trudeau has the moral fortitude to apologize to the Canadians of Ukrainian origin, who treasure above all the freedom and democracy that is guaranteed to all Canadians by our Constitution?

Hon. Paul Martin: Honourable senators, I followed with close interest the remarks of Senator Yuzyk. I think that in a matter involving the relations of Canada with one of the super powers, in this instance the Soviet Union, we are dealing with a subject of very considerable importance, one that not only affects our bilateral relations with that country but one that is related to our efforts, along with other countries, to bring about stability.

We do not serve the common cause of international collaboration when we exaggerate or misinterpret statements made, in this instance by the head of the Government of Canada. I do not want to traverse the ground I covered yesterday. The fact is, however, that what

the Prime Minister of Canada did in the discussions he had with the Soviet Union was exactly what every other government in NATO has done over the period of about four and a half years in its relations with the Soviet Union. Every foreign minister of the NATO countries has been to the Soviet Union; in some instances heads of government have gone; in at least one instance, that of France, the head of state went, and only the other day again General de Gaulle's successor, Monsieur Pompidou, went to the Soviet Union. It was agreed in NATO that this was a desirable thing to do. We join with other countries in seeking to establish closer relations with eastern European countries, including the Soviet Union. I think it was Monsieur Spaak, the former Director General of NATO, who was the first foreign minister to establish a series of visits as the foreign minister of Belgium.

Hon. Mr. Yuzyk: Do I understand Senator Martin is speaking a second time in this debate?

Hon. Mr. Martin: Yes.

Hon. Mr. Yuzyk: Or is Senator Martin replying to my speech?

Hon. Mr. Martin: No, I am speaking a second time. I am provoked to do so as a comment on the speech that has been made by Senator Yuzyk.

Hon. Mr. Yuzyk: Thank you very much. I should like to reserve my right to speak a second time a little later.

The Hon. the Speaker: The honourable Senator Yuzyk does not have to reserve his right to speak, because under the rules he is entitled to speak a second time if he wishes to do so.

Hon. Mr. Yuzyk: Thank you.

Hon. Mr. Martin: I do not want Senator Yuzyk to misunderstand me when I say I am replying to him. His speech provoked me to my feet. We have had a suspension of Rule 28 for this very purpose, until the end of the session. I do feel that in a matter of this importance some of the things Senator Yuzyk said today should not be allowed to go unchallenged. I am a member of the Government; I participate in the formulation of some of these policies, I have a responsibility, and I would now like to deal with these matters as quickly as I can.

What the Prime Minister of Canada did in his exchanges with representatives of the Soviet Union was in compliance with an established tradition of the Western powers who compose the NATO organization. What we did in the protocol was to establish a procedure for consultation on a regular basis, just as we did in the case of the United States and Great Britain, just as Prime Minister Diefenbaker did with Japan, just as we have arranged to do with Mexico, Australia and New Zealand.

Senator Yuzyk said that before the Prime Minister discussed this protocol with the Soviet Union he should have come to Parliament and got the approval of Parliament. If that is the case, one should argue that Prime Minister Diefenbaker, before making an arrangement with Prime Minister Ikeda of Japan, should have submitted the decision of the Canadian Government to engage in annual consultations with Japan to the Canadian Parliament before agreeing to do so.

Hon. Mr. Yuzyk: Was that a formal protocol, as in this case?

Hon. Mr. Martin: You might call it a protocol. It was an arrangement made between two countries. It does not matter whether it was formal or informal. It was precisely the kind of arrangement that was made between Prime Minister Kosygin and Prime Minister Trudeau the other day. It should be clear that what was agreed to was not anything that imposes an international obligation or a legal obligation on either side. It was an agreement to set up a regular schedule for consultation. Surely in this day and age, when we are trying to minimize the occasion of war, when we are trying to promote international collaboration, when we are trying to establish the rule of law, anything that will bring countries together through their heads of government is a desirable thing.

We are a member of the United Nations along with the Soviet Union. We are trying to get China, a country with whom we have diplomatic relations, into the United Nations. We do not agree with communism as established in China, or with communism as practiced in the Soviet Union. But these are states in the inter-dependent world we live in. All the head of the Government of Canada was doing in these discussions with Mr. Kosygin, Mr. Podgorny, Mr. Gromyko, and Mr. Brezhnev, was taking part in exchanges that might lead to the maintenance of peace between the two countries and peace in the world. Surely no one will object to that. Anyone who carefully examines . . .

Hon. Mr. Yuzyk: Not peace at any price.

The Hon. the Speaker: Order, please. So that this debate may proceed in an orderly way, I would ask honourable senators when they rise—and they have, of course, the right to rise—to ask if they may put a question. Then it will be up to the honourable senator who has the floor to accept or reject the question. I hope honourable senators will co-operate with the chair in this respect.

Hon. Mr. Yuzyk: Mr. Speaker, I will abide by your ruling. I learned the tactic, actually, from Senator Martin.

The Hon. the Speaker: Has Senator Yuzyk a question?

Hon. Mr. Martin: I have no objection to questions. I was simply saying, surely we are not going to argue that because the Prime Minister of Canada accepted an invitation to go to the Soviet Union, as has every other representative of all governments of the NATO organization, that that should open the door to the charges made today by Senator Yuzyk, and by others yesterday. What the Prime Minister did was a service to the cause of international collaboration. The protocol reflects an agreement between our two countries that these consultations shall continue. I think it would have been

regrettable if, instead of having made this arrangement with the Soviet Union, he had not been able to bring back something solid.

Canadians of all shades of political opinion in Canada, regardless of the party to which they belong, recognize the nature of the Canadian community. We recognize that Canada is not made up of any one national group. True, we have the two founding races, but we recognize that our country is composed of many groups of different national origins—the Ukranians, the Poles, the Italians, the Czechs, the Russians, the Roumanians, the Scandinavians of the various countries, the Croats, the Slovenes, the Serbs, and others. These, together with the two founding races, make up the Canadian family.

I do not believe we serve the cause of Canadian unity, or our national interest, when we seek to convey that a particular political leader, or a political group, has inimical reactions to another cultural group in this country. That is not in keeping with the nature of the Canadian family. But we are all interested in the Ukranian people with their rich cultural traditions. Of course, no one could expect all Canadians to have the same intensity of feeling of Senator Yuzyk and others of his national origin.

I believe it is not in the interests of Canadian unity, or in the interests of any particular group concerned, to suggest that, as a result of anything that the Prime Minister said, there was not on his part, and on the part of the Government, a deep concern for all that is represented in the richness of the Ukranian culture and society.

I know Ukranian people, I have represented them in the House of Commons for many years. They are among my closest friends, as Senator Yuzyk knows. I find it difficult to sit in my seat and have the Prime Minister of this country characterized as one who has not given the recognition to this group of Canadians which it certainly deserves.

I have listened to what various commentators have said. This morning I got a copy of some of the remarks that the Prime Minister made since he returned and on his return. I have before me an excerpt of a transcript of the Prime Minister's interview with press and radio reporters en route to Ottawa from his Soviet visit, May 28, 1971. A question was put to the Prime Minister and he replied to it:

> Q: Mr. Prime Minister, did you during your talks with Soviet officials discuss the subject of reunification of families which are separated between Canada and the U.S.S.R.?
>
> A. Yes, I discussed it with Prime Minister Kosygin and then it was discussed again in Kiev with the Prime Minister of the Ukraine and it was brought up particularly by Walter Deakon, our member of Parliament from Toronto.

At this point, I want to put in a parenthesis. Mr. Walter Deakon is a member of Parliament on the Government side of the House of Commons. He is a Canadian of Ukrainian descent, who speaks Ukrainian. He travelled to the Soviet Union with the Prime Minister. That is the end of my parenthesis, and I continue now with the answer given by the Prime Minister:

> I think the more significant reply I got was from Kosygin who said that he would—well, for one thing that he would look at the humanitarian aspects, that he would try to ensure—he would give it personal attention—that reunification of families would be proceeded with. There had been some substantial progress, you will remember, after Mr. Pearson made representations in 1963, and he (Mr. Kosygin) indicated to me that he was determined to follow it up and when I said that we would present a list through our embassy of cases that deserved of study, he said he would look at them and make sure that they got his personal attention. What follows from this, I cannot predict of course, but I would say it is one of the by-products of establishing trust and confidence between our countries, as we tried to do in this trip, that we are in a position to deal with cases like this, that we not only talk about trade and economic matters but we can, because this confidence exists, appeal to them for dealing on a humanitarian basis with certain cases, you know, over and beyond what their legal duties are.

This was carefully thought-out language, which the Prime Minister used. It certainly shows his regard for Canadians of Ukrainian descent, his desire to see that families which have been separated for many years might be brought together. I think it is only fair to put these remarks on the record, when one is talking about drawing conclusions, unwarranted conclusions, from what the Prime Minister said, conclusions that are intended to suggest that he has no regard for Canadians of Ukrainian origin in Canada.

Again, on June 1, 1971, there were remarks by the Prime Minister to the press following the question period:

> Q. Mr. Prime Minister, you have been criticized quite a bit in the last couple of days by Ukrainians in Canada regarding some statements you made over the weekend. Could you clarify that apparent comparison between FLQ terrorists and Ukrainian nationals?

We all know Mr. Trudeau. Everyone in Canada knows that he is a man of utmost frankness, who sometimes, to those of us who have been in politics a long time, is overly frank. That is his method, that is his technique; I think that is one of the reasons why people have such confidence in him. They know that he looks at all aspects of a problem, fearlessly. Mr. Trudeau replied:

> Well, I talked about it here in this room I believe, or at least at some interview I gave in front of microphones. I made it clear that I was not putting them on an equal footing and I also added that the countries were not the same, that we had a democracy here with forms of freedom of speech which I believe are unusual in the U.S.S.R. Therefore, there was no indication that they were on a parallel basis. The point I was making and which I made publicly,

> and again in the House of Commons, was that I found it a bit difficult to intervene in another country's internal affairs and discuss the seeking of independence by any part of that country if I did not want that country in return to discuss those who in Canada are trying to break up the country. And this is the reason why I did not discuss it on this visit. But what I did say, both in the House of Commons and here, is that by establishing a good rapport—

And this is what I emphasize.

> —a good rapport, a good climate of confidence and exchange with the Soviet authorities, we would perhaps be in a better position to make representation on, not a legal or constitutional basis, but on a humanitarian basis about some individual cases which might be brought to our attention in the future.

I am sure that that language of the Prime Minister, expressed with great care, really sets out the true situation. It is easy to misinterpret remarks. I do not believe that if we want to meet a particular objective we should go out of our way, for one reason or another, to misinterpret.

Canada, I will repeat again, is a land made up of many peoples. Our unity depends upon the good relationship that prevails among these peoples. No prime minister of Canada would be worthy of his high office if he sought to set off one class against another. There is nothing in government policy or in the nature of the present Prime Minister that would cause him to lend himself to that.

I can assure honourable Senator Yuzyk, and he can pass this on, that we will make more progress about these separated families as a result of the Prime Minister's visit than by anything else that has happened thus far.

Hon. Mr. Yuzyk: I should like to adjourn the debate, but I will be away next week with the Joint Committee on Constitutional and Legal Affairs.

The Hon. the Speaker: There is nothing to prevent you from adjourning the debate. If other senators wish to participate in this debate in the meantime, I am sure some way can be found to enable them to do so.

On motion of Hon. Mr. Yuzyk, debate adjourned.

OFFICIAL RESIDENCES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Paul Martin moved the second reading of Bill C-241, to amend the Prime Minister's Residence Act.

He said: Honourable senators, Bill C-241 is not a complicated piece of legislation. The intention of the bill is to propose the maintenance by the Crown of three residences, one for the Prime Minister, one for the Leader of the Opposition in the House of Commons, and one for the Speaker of the other house, all on a rent-free basis.

If this bill becomes law, it will be effective as of January 1, 1970, with the exception of the provision which deals with rent payable on the Prime Minister's residence. That provision will take effect only after the next general election. The figure of $5,000 per year currently being paid by the Prime Minister was inserted at the stipulation of the then Prime Minister, Louis St. Laurent. No doubt many of you recall that. It was characteristic of that right honourable gentleman that he should have wished to pay for his family's board and lodging, and despite the fact that his cabinet colleagues, as well as the Leader of the Opposition, as we know from the record, felt otherwise, Mr. St. Laurent insisted upon that figure being inserted. That was the reason for the provision in the bill. However, the general view now is that the Prime Minister's residence ought to be rent-free.

The bill is an attempt to put into legislative form the recommendations of the Advisory Committee on Salaries and Expenses. That report, commonly known as the Beaupré Report, states in paragraph 79, and I quote:

> The committee further recommends that neither the Prime Minister nor the Leader of the Opposition should be required to pay rent for publicly owned residences provided for their official use.

Existing legislations already provides for the maintenance of the Prime Minister's residence at 24 Sussex Drive, and the summer residence at Harrington Lake. As for the Leader of the Opposition, he currently occupies a property called Stornoway, located in Rockcliffe Park Village. The title of the property has been held in trust since 1950 by the Royal Trust Company. The trust was intended to provide, and I quote from the trust itself:

> A suitable residence for the use and occupation of the Leader of the Conservative party or the Liberal party, whichever shall be in Opposition.

Some people might regard that wording as a little inflexible. No rent is provided for Stornoway, and the trustees have in addition paid for the maintenance of the property, including property taxes, and have provided about 60 per cent of the furnishings.

I wish Senator O'Leary were in his place. I would acknowledge at once the great initiative he took in the establishment of Stornoway House. He was Chairman of the Board of Trustees of Stornoway. In 1969 he suggested to the Government that the property be transferred to the state at no cost and that it be maintained in the future by the Government as an official residence for the Leader of the Opposition. Senator O'Leary's reasoning, and I think it was compelling, was that the purchase of Stornoway was made possible by citizens representing all parties and residents in all the provinces who considered that the Leader of the Opposition, who is a key figure in our parliamentary structure, should be provided with a residence consistent with the dignity and importance of his office.

Stornoway was originally provided as a residence for the Honourable George Drew, when he was Leader of the Opposition. It was offered to the Right Honourable Louis St. Laurent during his brief period as Leader of

the Opposition. It has been occupied successively by the Right Honourable Lester Pearson and the Right Honourable John Diefenbaker and, at the present time, of course, by the Honourable Robert Stanfield.

Having borne the maintenance of Stornoway for some 20 years, the trustees concluded that the ownership and administration of the property ought properly to pass into the hands of the Crown and become a part of our parliamentary structure. The negotiations were completed for the transfer of Stornoway to Her Majesty in right of Canada. The negotiations were, of course, subject to the enactment by Parliament of legislation enabling the Government to maintain the property as a residence for the Leader of the Opposition.

The third residence in question is that known as "The Farm". That residence is occupied by the Speaker of the other house and is located in Kingsmere Park. It was the former residence of the late Right Honourable William Lyon Mackenzie King. It is part of the property in the Gatineau Park area bequeathed to Canada by Mr. King as a public park in trust with the citizens of Canada. Parliament enacted the Kingsmere Park Act in May, 1951, to provide for the administration of this property in accordance with Mr. King's last testament. The 1951 act permitted the Governor in Council to set aside by order any part of Kingsmere Park for use as a country home for the Prime Minister.

For a number of years, it has been the custom to permit the Speaker of the other house to occupy the building and the associated grounds known as The Farm. This has been on a rent-free basis. The intent of Bill C-241 is to give statutory recognition to the custom of recent years.

In conclusion, I might say that in addition to providing for rent-free occupency of the three residences, the bill also stipulates that the benefits thereby received by the occupants shall be deemed as a living expense allowance. As such they will be exempt from income tax.

I commend this bill to the Senate.

Hon. Mr. Belisle: May I be permitted to ask a question of the Government Leader before adjourning the debate? I believe I heard him say that this legislation would be retroactive to 1970, is that correct?

Hon. Mr. Martin: With the exception of rent.

On motion of Hon. Mr. Belisle, debate adjourned.

CONSTITUTIONAL CONFERENCE

THIRD WORKING SESSION HELD AT OTTAWA—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Connolly, P.C., calling the attention of the Senate to the Statement of Conclusions of the Third Working Session of the Constitutional Conference, held at Ottawa, 8th and 9th February, 1971, and tabled in the Senate on Thursday, 11th February, 1971.—(Honourable Senator Martin, P.C.).

Hon. A. Hamilton McDonald: Honourable senators, it is my understanding from Senator Martin and Senator Connolly (Ottawa West) that there are no remaining senators who wish to speak in this debate, so perhaps the item could be removed from the order paper.

The Hon. the Speaker: Honourable senators, as there are no more speakers on this order is it agreed that the order shall be regarded as having been debated?

Hon. Senators: Agreed.

BUSINESS OF THE SENATE

Hon. Mr. McDonald: Honourable senators, before moving the adjournment of the Senate this afternoon, may I ask for general agreement to have Order No. 4, dealing with Bill C-207, and Order No. 5, dealing with Bill C-241, placed at the top of our Order Paper for Tuesday next?

Hon. Senators: Agreed.

The Senate adjourned until Tuesday, June 8, at 8 p.m.

THE SENATE

Tuesday, June 8, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Harries, Watson, Marchand (Kamloops-Cariboo), Crossman, Foster and Beaudoin have been substituted for those of Messrs. Osler, Roy (Timmins), Hogarth, Breau, Gibson and Laprise and also that the names of Messrs. Chappell, Downey and Cadieu have been substituted for those of Messrs. Crossman, McQuaid and Dinsdale on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of final communiqué issued following the meeting of the Defence Planning Committee of the North Atlantic Treaty Organization, held in Brussels, Belgium, May 2, 1971, together with copies of final communiqué issued following the conference of the NATO Nuclear Planning Group, held in Mittenwald, Germany, May 25 and 26, 1971.

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1970, pursuant to section 70(2) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report of the Superintendent of Insurance on the administration of the Pension Benefits Standards Act for the fiscal year ended March 31, 1971, pursuant to section 22 of the said Act, chapter 92, Statutes of Canada, 1966-67.

Report of the Prices and Incomes Commission, dated June 4, 1971, respecting Oil Refinery Products.

Copies of Agenda for the Constitutional Conference, June 14-16, 1971.

NATO

FINAL COMMUNIQUÉ OF MEETING OF DEFENCE PLANNING COMMITTEE AND FINAL COMMUNIQUÉ OF NUCLEAR PLANNING GROUP PRINTED AS APPENDIX

Hon. John J. Connolly: Honourable senators, would the honourable Leader of the Government (Hon. Mr. Martin) deem it appropriate to have the final communiqués, which he has just tabled, printed in today's *Hansard*. Are they long?

Hon. Mr. Martin: No, they are not long.

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The Hon. the Speaker: Is it agreed, honourable senators, that the documents referred to by Senator Connolly (Ottawa West) be printed in *Hansard* of this day?

Hon. Senators: Agreed.

(For text of communiqués see Appendix, pp. 1102-03.)

TRANSPORT AND COMMUNICATIONS

ADDITION TO COMMITTEE MEMBERSHIP

Hon. A. Hamilton McDonald: With leave of the Senate and notwithstanding Rule 45(1) (h), moved:

That the names of the honourable Senators Argue and Prowse be added to the list of senators serving on the Standing Senate Committee on Transport and Communications.

The Hon. the Speaker: Honourable senators, has the honourable Senator McDonald leave to proceed with this motion now?

Hon. Senators: Agreed.

Hon. Jacques Flynn: Honourable senators, I would like to ask the sponsor whether Senator Prowse and Senator Argue have agreed to sit on the Standing Senate Committee on Transport and Communications.

Hon. Mr. McDonald: Yes, they have. I am sure the honourable Leader of the Opposition realizes that the subject-matter of the motion proposed by Senator Argue and supported by Senator Prowse will be going to that committee.

Hon. Mr. Flynn: Yes, they opposed the motion in amendment.

Hon. Mr. McDonald: I understand they would like to sit on this committee.

Motion agreed to.

HON. JOSEPH A. SULLIVAN

FELICITATIONS ON HONOURS CONFERRED BY LEARNED SOCIETIES

Hon. Allister Grosart: Honourable senators, before the Orders of the Day are called, I should like with leave to draw the attention of honourable senators to the fact that our colleague, Senator Sullivan, is in his seat today after an absence of a couple of weeks. May I be permitted to give the reason for his absence. Perhaps I should say "reasons", because he has been extremely busy in various places, passing on his great knowledge and experience to his colleagues in the medical profession, as he sometimes does to his colleagues in this chamber.

He has also been busy receiving honours from various medical associations and learned societies, and, of course, at the same time bringing honour to this chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Grosart: Specifically—I am not sure whether I will be able to pronounce all the names, because I have not consulted him—he was the honoured guest at the International Symposium on Otophysiology at the University of Michigan, the moderator of one of its sessions, and special dinner speaker; he was guest speaker in San Francisco at a meeting of the American Otolaryngological, Rhinological and Otological Society where he delivered a learned paper; he delivered another scientific paper at the annual meeting of the American Otalogical Society, of which he is a distinguished former president, and he took part in a medical seminar at the University of Southern California.

He appears to have come through this demanding schedule with his usual bounce and ebullience, a tribute to that unique physical constitution which enabled him to win similar honours in the field of international and Olympic athletics in his younger days.

We welcome him back and congratulate him on the great honours that have been bestowed upon him.

Hon. Paul Martin: I should like to joint in offering Senator Sullivan, on behalf of those on this side of the chamber, our warmest congratulations for this further confirmation of the contribution that he makes to medical science. The honours extended him by a number of universities and medical societies is an acknowledgement of his great capacity as a distinguished doctor.

It is a long way since the days when Senator Sullivan, with his grey cap, looked after the goal-tending duties of the Varsity Grads, Olympic hockey champions of 1928. Those of us who remember him in those days are not surprised at his achievements since his student days.

Hon. Joseph A. Sullivan: Honourable senators, as on previous occasions I am deeply appreciative of the very kind remarks of my colleagues, Senator Grosart, and of my school-day chum, now the Leader of the Government, Senator Martin. If I have brought any honour to this Senate or to medicine in Canada, I accept it humbly. I have been a great believer in the old principle that you only get out of anything what you put into it.

Science has no boundary; it is international. I came home from these meetings, as I have on previous occasions, extremely proud of my beloved Canada and what we do in this country in the particular field in which I am vitally interested. Again I thank all of you for the extreme kindness you have always shown me. I accept it not so much for myself as for Canada and this Senate.

Honourable senators, if I may, I would like to make a few brief comments following those my colleague and member of the Board of Governors of the University of Toronto, Senator Lang, made recently with regard to Senator Lamontagne. Having been a member of that board for 22 years, I had hoped that I might have had the privilege of making the remarks which Senator Lang so ably did and in which I concur completely. I believe wholeheartedly in his remarks pertaining to the University of Toronto.

GOVERNMENT ORGANIZATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, June 3, the adjourned debate on the motion of Hon. Mr. Connolly (Ottawa West) for the second reading of Bill C-207, respecting the organization of the Government of Canada and matters related or incidental thereto.

Hon. David Walker: Honourable senators, I will be very brief in this because we are outgunned four to one. Whatever I say will be of no import. However, last night I was inspired to speak on Bill C-207 by reason of sitting next to Mr. N. R. Crump, the able Chairman of Canadian Pacific, who spoke at the annual meeting of the Canadian Manufacturers' Association. He is a wonderful man and I tried to find out if he is a Tory. I do not think he can be, but he certainly does not appear to be a Liberal either; he is independent.

Hon. Mr. Macdonald: He is probably NDP.

Hon. Mr. Walker: That is one thing I know he is not, even though Madame Senator Casgrain would be a very charming companion for anyone who would like to espouse the cause.

Mr. Crump in his wisdom said that Canada is the most over-governed country in the whole world. That is really so in view of the fact that we have 10 provincial and two territorial governments and one federal Government. There is not another country in the world with that amount of government. In addition, we have county councils, townships councils, boards of education, and so on. Canada is also one of the most expensively governed countries in the world. My suggestion is that there is no need whatever to appoint ministers of state. Nobody has indicated that there is a need, not even my learned friend the former Leader of the Government, Senator Connolly (Ottawa West). If anyone can make a cause smell like roses he can, but even he, with all his wisdom, did not attempt to show any necessity for the ministers of state.

In the Canadian Parliament there are 155 Liberal party members. Incredibly enough, there is a cabinet of 28, including the Prime Minister and minister without portfolio. There are 16 parliamentary secretaries; a Speaker and an Assistant Speaker; a Whip and an Assistant Whip; there are chairmen of 13 different committees. Of the 155 Liberal members, 61 have jobs, and only the committee chairmen and Assistant Whip are not paid extra. Senator Croll will appreciate that.

Hon. Mr. Croll: That is helping to solve the unemployment problem!

Hon. Mr. Walker: Unemployment at its worst, or at its best, whichever way you look at it.

Hon. Mr. Davey: I was wondering whether Senator Walker has comparable figures for the Ontario government.

Hon. Mr. Walker: I would be glad to get them for you. I think by comparison it would be an informative lesson in how to govern well with few members.

This bill will permit of a cabinet of 28, with a further 10 ministers of state if they want them. There can be any number of ministers of state; there is no limit to their number. I could not understand from the bill how many there might be, so I asked my friend the former Leader of the Government, Senator Connolly, who admits that there is no limit. The bill will permit of 56 parliamentary secretaries, 28 for each two-year period; two Assistant Speakers, one for each two-year period. With the chairmen of committees, and so on, there are 136 members of the Government party who under this bill could have a job in the four-year period. In other words, nearly everyone would have an extra job, 138 out of 155. You and I should be back there as backbenchers, Senator Croll. This is really something.

Let us compare Canada with England in this respect. I ask honourable senators to keep in mind that Canada has a federal Government, with ten provincial governments doing all the rest of the work, plus two territorial governments. In England, which has only one Parliament, with below that the county councils, but no provincial governments, what do we find? There are 20 members of the cabinet, including the Prime Minister, with 30 ministers not in the cabinet, for a population of 50 million. The ministers not in the cabinet are ministers of state, who cannot speak on policy and can answer questions only on the activities of their own departments. In addition, there are law officers and so on. England, with no provincial or other governments, but one overall government, has only 20 members of the cabinet and 30 ministers who are not in the cabinet.

Australia, which is not quite as large as Canada but is a very important country, has a commonsense government, of which they are justly proud. They have 12 ministers in the cabinet; 14 ministers not in the cabinet; that is, 26 ministers in all. Twenty-one ministers are from the house of 125 members, and 5 ministers are from the Senate of 60 members. One could go on.

The United States has a cabinet of 12 members, not chosen from the house or the Senate, but appointed by the President; and, of course, 50 state governments.

France has a cabinet of 19 members, out of the national assembly of 779 members, and no provincial and no state governments.

Germany has a cabinet of 16 members. They have a federal diet which is composed of 496 members, but there are also provincial governments.

Japan, which is forging ahead so quickly in our new post-war world, has a cabinet of 21 members, with a House of Representatives of 467 members, with no provincial governments.

Honourable senators, why does Canada need this great proliferation of ministers of state? We have been given no reasons. If there had been any reasons, Senator Connolly would have been able to expound on them, as he never misses any opportunity to say something in favour of the Government.

I am suggesting to you, and suggesting in the greatest sincerity, that this is just an effort to give every Liberal M.P. an extra job. It is an opportunity to build around the Prime Minister of our country a coterie of faithful people, who are bound to him, not only by the increased salary which they get as members of Parliament but also because they have become members of the Privy Council and ministers of state. Each minister of state is to be expected, of course, to go by Professor Parkinson's theory and must, in order to assert his importance, build around himself some deputies and secretaries, and so on. I would not mind, if there were any reason for that. Perhaps some speakers on the Government side are going to show the necessity for it.

Hon. Mr. Flynn: I hope that some on the Government side will speak.

Hon. Mr. Walker: Finally, I would make this one small reference. I was Minister of Public Works at a time when we were trying to overcome the recession which we had inherited in 1957. We used to work day and night. I was working 18 hours. I was given an extra job as Minister of Housing, then a third job as minister in charge of the National Capital Commission.

I went down to Arizona at Christmas for the usual two weeks of riding and I found I could not recover. I thought I would drop dead down there, I was so exhausted. At the ranch were two executives, one a vice president of General Electric and the other a vice president of General Motors. After the ride, they used to take me in for a drink. They showed me how to delegate, how to do the job and they gave me the rules for it.

The overall result was this, as the former Mayor of Montreal (Hon. Sarto Fournier) knows, for he was a great friend of mine, as we had a big job and used to work together—

Hon. Mr. Fournier (De Lanaudière): It was most pleasant for me.

Hon. Mr. Walker: How I would like to renew those old days. They were very pleasant.

Hon. Mr. Martin: Home, sweet home.

Hon. Mr. Walker: Let me say that the secret of good administration is this—as Senator Martin found over the years, because he discharged his job with great acumen and skill as Secretary of State for External Affairs—

Hon. Mr. Flynn: Are you suggesting he is not doing a great job now?

Hon. Mr. Walker: I wish he were back there again, for he was a help to Canada. This is the way that you do it. The deputy minister used to come in and say, "Mr. Minister, would you read this and this and this? It will take a couple of days. Then you can make up your mind whether we do this." The solution always was: do not read anything, if you can help it. Tell them to take away

all the volumes of material and boil it down to a few major points. Then get in the deputy and those responsible for this particular matter and question them on it for half an hour. Then you can make up your mind, and save yourself a couple of days' work. That is just one of the ways to delegate your duties and get things done. There are many others.

One other way is to interview every delegation and, if you are going to refuse the delegation, never tell them at the time but shake hands with them and see them out the door. Tell them you will give it your careful attention. When the time for refusal comes, have the deputy write a letter pointing out that unfortunately what the deputation requested must be refused. You do not write the letter yourself. There are a hundred ways of delegating authority.

Honourable senators, I ask again, when we are under such criticism at the present time, why do we need the proliferation in government and proliferation of ministers? What are these people going to do at the present time? I had three portfolios and when the Americans got through with me, and after practising for many months, I was able to handle all three portfolios in two-thirds of the time I took for that original portfolio. This can be done.

We do not need more ministers; we need a school for ministers, to teach them how to be executives and how to be administrators. How can you expect a lawyer, bound down with detail all his life, to become a minister all of a sudden and have the wisdom of Solomon and show himself to be an able, adroit administrator—without any training? It cannot be done.

Hon. Mr. Connolly (Ottawa West): You did it.

Hon. Mr. Walker: I did not do it initially, and I used to ask you how to do it, in some circumstances, and I used to ask many other people also. It can be done, but the minister must be trained. Perhaps the Leader of the Government himself can show us what it is a new minister needs to have.

Hon. Mr. Flynn: He has the most experience.

Hon. Mr. Walker: There are other former ministers here—honourable Senator Hays, and my friend the former Postmaster General, Senator Denis, and Senator David Croll himself, and also the former Speaker, Senator Macnaughton. All these people might tell us why we need these new ministers of state.

Hon. Mr. Croll: Would it not have been better for you to have obtained the services of two other ministers, rather than to have ruined your health and put you out of the way?

Hon. Mr. Walker: That was the best thing about it, by having those three jobs my health got better every day, by the fact that I was able to handle those three ministries. Do you follow me?

We do not need these new ministers. There is no necessity for it, and, unless we can hear more in favour of it, we are going to oppose this. Everything slips by in this place, without any real contest. I tell you I am getting alarmed at what is going on at the present time. This bill is going to cost Canada a lot of extra money, with every one of these new ministers of state surrounding himself with his own department.

Honourable senators, I would ask you to give this your best thought, at least think about it, even if you eventually vote for it.

Hon. Mr. McElman: I have a question I should like to ask honourable Senator Walker.

Hon. Mr. Flynn: Not a question; a speech, I hope.

Hon. Mr. McElman: It is a question only. Senator Walker said that Canada is over-governed. Then he referred to other nations where there are no provincial governments, such as Japan and the United Kingdom. Does he support or suggest the proposition that there should be no provincial governments in Canada?

Hon. Mr. Walker: Not with a son-in-law as provincial treasurer of Ontario, I don't. At the moment, no.

Hon. Mr. McElman: May I ask a second question?

Hon. Mr. Flynn: You mean a supplementary question.

Hon. Mr. McElman: No, a second question. It is not supplementary.

Hon. Mr. Flynn: You are just forgetting about the first question, is that it?

Hon. Mr. McElman: Well, I was not at all surprised by the answer to the first question, Senator Flynn.

If I may ask you a second question, Senator Walker: Are you aware of the progressive leadership that has been shown in the Province of New Brunswick in eliminating over-government through the taking on by the province of the full administration and cost of education, health, welfare, and justice and the elimination of the rural and municipal level of government?

Hon. Mr. Walker: Yes, I am aware of that, and I must give you and your government credit. That is a good thing and a step in the right direction.

Hon. Mr. McDonald: Hear, hear.

Hon. Mr. McElman: Thank you, Senator Walker.

Hon. Mr. Connolly (Ottawa West): Honourable senators—

Hon. Mr. Flynn: Honourable senators, if Senator Connolly (Ottawa West) wants to make a second speech, that is fine under our new rules, and I will be very pleased to listen to him. However, if no one else on the Government side wants to support the bill by speaking now, I should like to move the adjournment. I think Senator McElman has just indicated that he would have some interesting and pertinent remarks to make and I would hope that he would make a speech on this bill. If not, I will move the adjournment of the debate at this time.

On motion of Hon. Mr. Flynn, debated adjourned.

OFFICIAL RESIDENCES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, June 3, the adjourned debate on the motion of Hon. Mr. McDonald for the second reading of Bill C-241, to amend the Prime Minister's Residence Act.

Hon. M. Grattan O'Leary: Honourable senators—

The Hon. the Speaker: Is it agreed that the honourable Senator O'Leary speak now instead of the honourable Senator Belisle?

Hon. Senators: Agreed.

Hon. Mr. O'Leary: Honourable senators, I had no intention of speaking on this bill, but having read the kindly remarks made about myself by the Leader of the Government when he introduced it I thought it only fair to say for the record that, while I did take a certain initiative in securing the happy result which is this bill, many others, including distinguished members of the party of the Government Leader, had a great deal to do with it.

I first had the idea of a residence for the Leader of Her Majesty's Opposition when I spent an evening many years ago with Mr. St. Laurent, who was then the Minister of Justice and our representative at the United Nations. He was living in the old Roxborough Apartments, which have since been demolished. It occurred to me that this was hardly a fitting place for a man of his distinction who was contributing so much to Canada at that time. Later on, when Mr. George Drew became the Leader of the Opposition, he too was living in the Roxborough Apartments. I thought at the time that that was not a fitting place for the Leader of Her Majesty's Opposition; that he could not there conduct the business or even the social activities imposed upon him by his office. So I determined that I would see what I could do to obtain a home for the Opposition Leader which would be consonant with the dignity of his position. This involved securing a fairly large sum of money in order to buy a home suitable for the purpose.

Of course, belonging to the poor man's party, I realized at once that I had to go to my Liberal friends to secure the funds necessary to purchase a home. Therefore, I repaired to Montreal to see an old friend—in fact, he had financed my campaign in Gaspé in 1925—Mr. J. W. McConnell, who has since died, God rest his soul. Mr. McConnell had gone over to the heresy of the Liberal Party. However, I appeared before him and told him what I was trying to do. He said to me immediately, "O'Leary, you are right. I believe in what you are doing. I will begin by contributing $10,000 to the fund, but I will do more than that. I will give you the names of ten other people and you will go to them and tell them what I have done. If they don't come across, you come back and tell me."

The first name of the list was another distinguished Liberal, Mr. Stanley McLean, who also has since passed away. He was an old party opponent of mine. We used to have fierce arguments on what I considered was the heresy of his party and he considered was the heresy of mine. But more than that he was a staunch north of Ireland Protestant. My friend Senator Walker, whose ancestors were at the gates of Derry, will understand that.

I went to Mr. McLean and told him what McConnell had said to me, and he replied, "O'Leary, I will tell you what I will do for you. I agree with you entirely. I will give you a luncheon at the York Club, and I will invite eight or ten tycoons." I use his word—he was one himself. Then he added, "After we have had a good lunch and brandy and cigars, I will call upon you to give them the same pitch you gave to me." That is what he did, and I remember that the late Senator Wally McCutcheon was one of those present. After I finished my talk I received immediately $35,000 which, in addition to the $10,000 I had received from Mr. McConnell, enabled me to purchase a residence for $40,000.

Incidentally, that residence was sold to us by a daughter of Sir George Perley. That was her contribution. That magnificent place in Rockcliffe, which I am sure would sell today for $150,000 or $170,000, she gave to us for $40,000.

In the intervening years I became chairman of the committee, on which there were Liberals. One of them was Mr. Duncan MacTavish, who was later a member of this house. Incidentally, I am looking at a member of the Senate who contributed very generously to this project. Perhaps he cursed himself afterwards for doing so, but that is what he did.

I must in all fairness say that 75 per cent of the money I collected personally over the years, amounting to $175,000, came from my Liberal friends. All of them agreed to this residence. It was a good thing for Canada. It is a magnificent home.

When Mr. St. Laurent was Prime Minister he used to go over to George Drew's for lunch after Mass on Sunday. I recall his telling me, "I would prefer this home to 24 Sussex Drive."

Honourable senators, when I hear young people today condemning the party system and decrying the work of Parliament, I remember that one of the men who gave me money was Mr. McConnell, and that when Mr. Pearson occupied the position he gave me $10,000. All of those men knew they were going to get nothing from me, for there was nothing I could give them.

To maintain a house the taxes on which were $2,000, and to buy a new this and that costing $7,000, $8,000 or $9,000, forced us to go on collecting money. I, as chairman of the committee for over 20 years, when I had contractors coming in to build this or that or to paint the house, never even considered whether they should be Liberals or Conservatives. In fact, on looking back now I have an idea that most of the contracts were given to Liberals, but that did not matter. This was a home for the Leader of Her Majesty's Opposition; this was the glory of our parliamentary structure, and a testimony to the fact that not only do we permit criticism, but we pay people to criticize.

This is something I wanted to entrench and perpetuate, and that is what I did. A year ago, I realized that the law of diminishing returns applied in this situation. The

McConnells and the others had died, and I was now appealing to younger people. But they did not see the thing in the same way. I told a Liberal friend of mine about this situation—I might add that despite my Toryism, or whatever you might want to call it, I have always maintained a civilized friendship with Liberals—and he said, "Well, O'Leary, this is nonsense; write me a statement of what has happened in respect of this building, and I think I can get it before the Prime Minister."

I wrote a 500-word statement, and I think the Prime Minister—although I said some rather severe things about him the other day—at once saw the wisdom and sense of this thing, and committed it with his benediction to the cabinet. I have no doubt my friend Senator Martin knows about this. Within three weeks after writing the statement I had word from the Department of Public Works and the National Capital Commission that they were taking over this building. I had offered it free of charge although it had cost us over $150,000.

As I say, the Government took it over on the initiative of the Prime Minister. It passed the cabinet, and I am sure my honourable friend, Senator Martin, gave it his full support, judging by what he said. And now we have before us statutory confirmation of the taking over of this building.

This is a great thing for Canada, and a wonderful testimony to the value of our parliamentary system. In describing this residence I said that it should be the home of the Leader of Her Majesty's Loyal Opposition as designated by Parliament; I made no distinctions. Mr. Pearson occupied it. I remember offering it to Mr. St. Laurent. Whatever our disagreements may be, there is a Canadian affection, and a Canadian support for the system which we have. Every member of this house, whether Liberal or Conservative, will agree with me that the Leader of Her Majesty's Opposition is a part of the parliamentary structure of this country. He is paid to criticize. I thank God that we have a system of that kind. That is why I spent 20 years of my life giving much of my attention to the maintenance of this property for this purpose. The Government is now to be highly commended for placing this measure before Parliament.

Hon. John J. Connolly: Honourable senators, I had no idea that Senator O'Leary was going to speak tonight in the way he did. I think it would be most inappropriate if something were not said at this stage about him and about the contribution he has made to this project. I agree heartily with the proposal to take this property, which is generally known as Stornoway, and make it a Crown property available to the Leader of the Opposition. I think we are all truly inspired by what Senator O'Leary has said about the office of leadership of the Opposition in the House of Commons. That is the office of leadership of the first or second largest party in Parliament, depending on what the election results throw up. It is a permanent fixture in our parliamentary system and long may it remain so.

It was heartwarming to hear what Senator O'Leary said about the wisdom of the Government in taking the step proposed in this measure. However, that is not what I want to talk about primarily. I should like to acknowledge the devotion given this work over many, many years by Senator O'Leary. I remember hearing of it first of all from his very good friend, and mine, Senator Lambert. I heard it too from Duncan MacTavish long before he came to this house. I think one of the people interested in the original project was a former member of Parliament for this city, Frank Ahearn. I am not quite sure of that.

Hon. Mr. Martin: You are quite right.

Hon. Mr. Connolly (Ottawa West): Senator O'Leary is probably the last of the original group of people who were responsible for this project. We cannot thank all of them, although we should have done so. However, it was done so quietly that there never was an opportunity for anyone to utter words of appreciation.

Now the story has been put on our record and I think, speaking for our side of the house, and, indeed, for both sides of both houses, we should go on record as expressing our gratitude for the work of Senator O'Leary, for the initiative he took and for the years he has devoted to the management of this project of which he has truly been the body and soul.

Honourable senators, not only is Parliament indebted but this country is greatly indebted to him.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn: Honourable senators, I do not intend to speak at length, but I do want at this stage to thank Senator O'Leary for having put on the record the history of Stornoway. I should also remind the house that this bill concerns the official residences and it amends the Prime Minister's Residence Act.

It is about time that something was also done about the Prime Minister's residence. I know that Mr. St. Laurent, who was the first to occupy 24 Sussex Drive, decided that he would have to pay something for occupying that house. That was in accordance with his temperament and also with the circumstances of the time. However, it is now time that we did something about the Prime Minister's residence, and offer him every possible opportunity of being able to discharge his duties without imposing any burden upon him.

I object to the criticism from certain quarters that the Prime Minister may presently have some private means. That has nothing to do with the problem with which we are dealing. I am very happy that we are now doing something not only about the residence of the Leader of the Official Opposition but also that of the Prime Minister.

Motion agreed to and bill read second time.

The Hon. the Speaker: When shall this bill be read a third time?

Hon. Mr. Martin: If it were the wish of honourable senators that the bill be sent to a committee, I would

have no objection. However, it seems to me that, with the explanations that have been given, this is not necessary. I therefore move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—SECOND READING—
DEBATE ADJOURNED

Hon. Paul Martin moved the second reading of Bill C-242, to amend the Senate and House of Commons Act, the Members of Parliament Retiring Allowances Act, and An Act to make provision for the retirement of members of the Senate.

He said: Honourable senators, I wish to make some comments in proposing the adoption of Bill C-242. This matter has been the subject of discussion in and about Parliament for well over a year. It will be recalled that the Government appointed a Committee on Parliamentary Salaries and Expenses to look into the matter. The report of that non-parliamentary committee was completed on November 16, 1970.

The bill, therefore, has been put forward only after much consultation and careful investigation by this outside committee. The matter has also been considered by a committee in the other place.

The bill provides for an increase in the sessional allowances for members of the Senate and the House of Commons. It provides for an increase in the allowances of members of the Senate and the House of Commons for expenses incidental to the discharge of their duties as members. It widens the authority of the Senate and the House of Commons regarding actual moving, transportation, travelling and telecommunication expenses to be allowed during the course of a session.

It amends the Members of Parliament Retirement Allowances Act and an act to make provision for the retirement of members of the Senate to provide for adjustments in the contributions and benefits under these acts.

By this bill the indemnity is increased to $18,000 for members of both houses. The expense allowance for members of the House of Commons is increased from $6,000 to $8,000 and that of senators from $3,000 to $4,000.

The bill amends the Members of Parliament Retirement Allowances Act. These amendments, I would point out, do not provide for an increase in either the contributions of the pensions payable as a result of the proposed amendments to section 33 and 44 of the Senate and House of Commons Act.

As the leader of the house in the other place pointed out, the amount of contribution which a member pays is a percentage of his sessional indemnity, as defined in paragraph (2) (1) (d) of the act. This being the case, there is no change in the level of contribution or the pension as a result of the increase provided in the bill; that is, the increase in the indemnity and in the allowances. Consequently, it is necessary to amend the sessional indemnity so that contributions will be made only on the net $18,000 for members of the other place and $15,000 for senators.

Another way of putting this particular necessary provision in the bill is to describe the amendment as one that maintains the present situation, the status quo, both as regards the amount of contribution and the maximum pension provided, so that a senator will continue to contribute on $15,000 only.

In order to meet that objective, it will be necessary to amend the definition of the sessional indemnity. This is done by an amendment to the Members of Parliament Retiring Allowances Act. As I have indicated, for the purpose of this particular amendment the basic amount in the case of members of the House of Commons is with regard to the figure of $18,000. It should be noted that a senator who comes under the 1965 act, which makes provision for the retirement of members of the Senate, has been contributing on $12,000 sessional indemnity alone.

The bill provides that a senator who comes under that act will continue to contribute and have his pension calculated on the basis of $12,000 instead of the new allowance of $18,000. There is no change in the rate of contribution proposed and, as I said a moment ago, there is no change in the amount of pension received by a member of either house.

Now, there has been much discussion with respect to this question, one which the Government has approached with care, having in mind the concept of the role of Parliament and the obligations of members who serve in both houses. In doing so it has taken into consideration the observations made in the non-parliamentary committee and those made from time to time by members of both houses. It has also taken into account statistics that have attended the remuneration of Canadians generally over the past eight years.

It must be noted that there have not been any increases in the sessional indemnity for almost eight years. On an annual basis, the increase is a little more than 6 per cent. Between 1963 and 1970 the average weekly salaries and wages for all wage earners and salaried employees in the industrial complex rose 52.2 per cent, as compared with 44 per cent for members of Parliament.

The salaries of economists rose between 45 and 50 per cent. The salaries of engineers 50 per cent. The salaries of university professors increased between 63 and 68 per cent. If the increases that are proposed in this bill had been taken on an annual basis, they would not be out of line with other comparable occupations. For instance, the average annual increase for managerial personnel between 1967 and 1969 has been between 7 and 9 per cent. Engineers and statisticians have experienced pay increases averaging 8.6 per cent and 7.1 per cent in 1969 and 1970. Many public servants in the upper brackets receive higher salaries as, of course, do many executives in industry. Members of the Canadian Parliament are paid much less than senators and members of the House

of Representatives in the United States. I think it is noteworthy that the salaries of senators and members of the House of Representatives in the United States are considerably higher than those provided in this bill.

Honourable senators, the Government considers, in the light of all circumstances, that the provisions of this bill deserve the support of this chamber. I commend this bill to honourable senators.

Hon. Mr. Flynn: Honourable senators, I move the adjournment of the debate.

The Hon. the Speaker: I understand that the honourable Senator Lawson has indicated that he wishes to speak.

Hon. Edward M. Lawson: Honourable senators, I should like to make a few brief comments on the proposed legislation. I recognize the delicacy involved in such a matter but, having spent a goodly number of years negotiating contracts and wage increases for many walks of life in many parts of the country, having been on record long before I was appointed to this chamber in support of adjustments for elected and appointed officials of our Government, I think I am entitled to make a few comments.

I am somewhat concerned with the criticism flowing so easily from the press. Some of it concerns the inflationary aspect, but I wonder whether when the press directs comment regarding inflationary aspects the rule of clean hands should not apply?

I took the precaution of checking what the newspapers have done in the same period, from 1963. I think it is fair to say that newspaper owners are not generally regarded as being overly generous with their money in paying their employees. In 1963 they gave an increase of 3.7 per cent; in 1964, 3.6 per cent; in 1965, 3.4 per cent; in 1966, 3.3 per cent; in 1967, 9 per cent; in 1968, 7 per cent; in 1969, 9.1 per cent, and so on. Therefore, in the same period in which they describe this as being inflationary, the total increase given to newspaper employees was approximately 58 per cent. I do not consider it to have been too high an increase to their employees during the course of that time. It was a fair one. However, surely if they are to describe the increase that is proposed for elected and appointed legislators as being inflationary, the rule of clean hands should apply.

In 1963 when the newspapers gave their employees an increase of 3.7 per cent, or in 1969 when they gave them an increase of 9.1 per cent, had they also editorialized that similar increases be paid to members and senators, I would have had a better regard for their credibility and right to criticize at this time. Members of Parliament are certainly not overpaid. They earn every nickel they are paid. And coming from British Columbia and being aware of the vastness of Canada and the miles to be travelled, I say it is sheer nonsense to suggest that members make money on their expense accounts. Then, of course, those who come here from British Columbia, have the additional expense of buying winter clothes.

It always troubles me that when increases are proposed, emotions become involved and the issues are lost sight of. I was pleased that the Beaupré Committee took particular note that it was a constitutional responsibility for members of Parliament to serve their constituents at a cost which, they being elected representatives, should be reimbursed.

The question of retroactivity was raised. I know of no contract in my experience negotiated for truck drivers and other classifications that did not contain a condition that the terms of the contract were retroactive to its first day. There is ample precedent for the same situation to apply to increases for elected and appointed legislators. I see no validity in the suggestion that the increase is retroactive to 1963 and that former members of both houses will be paid. That criticism has no validity unless it were suggested that the retroactivity would apply to those persons who have left both chambers. The application of retroactive pay to the beginning of the session is proper, and this principle is practised throughout labour-management negotiations in all parts of the country.

The judiciary are not affected by this bill, but I was on record some years ago regarding this question. The Canadian people, who have the benefit of an excellent judicial system, take this for granted. We demand the highest standard, and yet we seem to ignore our responsibility to see that in return the members of the judiciary are properly reimbursed. Despite a heavy workload and poor working conditions as far as court houses are concerned, our judges give a high standard of service.

There appears to be some sensitivity about this legislation as it affects senators. I must confess I do not share in this. I have not been here long enough, I think, to be described by those who criticize us as a fixed part of the establishment, but I have been here long enough to be objective. What I was told I was going to see and what I have observed myself are two entirely different things. I see a Government Leader of the Senate (Hon. Mr. Martin) carrying a tremendous workload, and I have known places where wildcat strikes have been called because of far less tough conditions. We have a Leader of the Opposition (Hon. Mr. Flynn) who takes his duties very seriously and discharges them very well.

I look around me and see many honourable senators displaying the kind of competence that in private life would earn for them many many times in excess of what they are paid. They give of their time, and make this contribution freely. There is no need for any delicacy or apology for the contribution being made by this chamber. I have observed the committees, which may not be as flamboyant or so covered by television as those of other governments, but the type of work done by these committees, the calibre of questioning and the quality of reports need not be apologized for by any member of this chamber to anyone anywhere.

I am concerned that there is not more provision for an annual review for elected and appointed officials, whether it is tied to senior civil servants or some level of top management. Surely, other than the people themselves, is

there a higher level of management than in either chamber? It seems to me that for members of the other place, for senators and the other appointed officials, such as judges, there should be some system of annual review and automatic adjustments.

In my capacity as a negotiator, in the same period that we are talking about here, I have seen negotiated in various industries increases from a low of about 65 per cent to a high of about 95 per cent. I think the action being taken under this bill is long overdue. The Canadian people rely on the Government to look after elected and appointed officials. I think it took courage on the part of the Government to make such a recommendation at this time, and they are to be congratulated for doing what is right. I support the legislation.

Hon. Mr. Flynn: Honourable senators, difficult though it may be, when supporting the bill, to add to what has been said by the sponsor (Hon. Mr. Martin) and the honourable Senator Lawson, I move the adjournment of the debate.

Motion agreed to.

IRAN

SECOND CONGRESS OF IRAN NOVIN PARTY HELD AT TEHRAN AND TWENTY-FIVE HUNDREDTH ANNIVERSARY OF PERSIAN EMPIRE

Leave having been given to revert to Inquiries:

Hon. Richard J. Stanbury rose pursuant to notice:

That he will call the attention of the Senate to his recent visit to Iran as an observer from the Parliament of Canada at the Second Congress of the Iran Novin Party, held at Tehran, Iran, 5th to 10th May, 1971, and also to the establishment of a Canadian Committee under the chairmanship of the Speaker of the Senate to assist in the celebration of the Twenty-five hundredth Anniversary of the Persian Empire.

He said: Honourable senators, some time in March I received a warm invitation from the Secretary-General of the Iran Novin Party to attend as a Canadian observer the Second Congress of the Iran Novin Party, to be held in Tehran between May 5 and 10. The invitation was accompanied by a letter from the Chargé d'Affaires of the Imperial Embassy of Iran in Ottawa, and one from the Middle East Section of our Department of External Affairs urging me to accept the invitation. It was with very little knowledge of the country or the people whom I was to visit that I accepted the invitation, and arranged to be accompanied by my wife.

As I prepared for the journey, I wanted to know more about the exact location of Iran in relation to its neighbours, and what its geographic assets and liabilities were. I wanted to know who were its people, how they had been governed, where the Iran Novin Party came from, and whether it was a legitimate instrument of democracy with which we should associate ourselves. I found out that Iran is a big country, about one and a half times larger than Ontario. I also learned that its friendly relationships with Afghanistan and Pakistan on its east boundary and with Turkey in the northwest were clouded by territorial disputes with Iraq on its west, and by somewhat delicate relationships with Russia, with whom Iran shares the shoreline of the Caspian Sea, to the north.

The people of Iran, 28 million in number, are of the Aryan race who migrated south and west from the steppes of Russia about 3,000 years ago. They are classified as Indo-Europeans and still speak the ancient Farsi tongue. There are a number of minority groups, including some Arabs in the south, some Jewish and Turkish people in the north, and some Armenians and others, but the vast majority of the people have been known throughout the western world as Persians.

We found the people and their history most interesting. From everything we read before we left Canada we had gathered the impression that, although for the past few years things had been changing, the people were terribly poor and illiterate, and the country was wracked by wars and skirmishes between the nomad tribes and anyone who might try to establish a central authority. We knew that, while there had been a long period of greatness 2,500 years ago in the days of Cyrus, Darius and Xerxes, and during some periods since, the Persian people had lived under a succession of conquerors from Alexander the Great to the Romans, the Arabs, the Mongols, the Turks, and finally the Russians, the French and the English. We thought that after this kind of history we would find the people dejected, discouraged, decimated by disease and malnutrition, and incapable of profiting from what now appeared to be a favourable turn of events. We found our impressions to be all wrong.

After a period of turmoil between the end of the Second World War and 1953, His Imperial Majesty the Shahanshah Aryamehr returned from exile. In 1961 he developed a plan for what he called the "White Revolution"—"White" rather than "Red"—for bringing Iranians together instead of fragmenting them through class warfare. The 12 points of the White Revolution cover a broad range of social, economic and political advances, including an aggressive drive toward democracy. The people were invited to form political parties, the only requirement being that they adopt the philosophy and principles of the White Revolution. The Tudeh or Communist Party of the left was outlawed, as was the Landowners' Party of the right. The Shah began to pursue his most persistently-held theme—that by the end of his reign his successors would be the people of Iran.

Of the two existing political parties, the Iran Novin Party—meaning the New Iran Party—is the largest, and so far the most successful. It has taken seriously the obligation placed upon all parties by the Shah to educate the people in the way of democracy, and to act as a vehicle for the involvement of the people in the decision-making processes of government. While this was the Second Congress of the party, it was the first one of such massive proportions, comprising 4,000 delegates from every part of Iran, and more fully representative than the conventions of Canadian parties. It included delegates from smaller community cells of the party and from major social groupings such as farmers and labourers.

The congress continued for five days, discussing the major issues affecting the people of the country and the structures and development of the party. It received a message from His Imperial Majesty and heard an excellent policy speech by the Prime Minister, Mr. Amir Abbas Hoveyda.

The address by Dr. Kalali, Secretary-General of the party, was particularly interesting to me, because it called upon the membership of the party to act as a vehicle for the development of political understanding among the people and their participation in the decision-making processes of government. I commented to Dr. Kalali that his speech was very much like the speech I made to the Liberal party of Canada in November, 1970. It was interesting to note that we were both calling upon our people for the same kind of interest and participation in political affairs. He was doing so because the citizens of his country had had no experience with democracy, and must learn about their responsibilities in such a system. On the other hand, my concern is that the citizens of Canada have had such a long experience with democracy that they have become apathetic and have come to believe that democracy will be with them always, regardless of their acceptance of the responsibilities of democratic citizenship.

The foreign observers, who included representatives of the United States, the United Kingdom, France, West Germany, Italy, the United Arab Republic, Turkey, Yugoslavia, India, and many others, each had the opportunity of addressing the Congress to make their comments and convey their countries' greetings. I had the pleasure of doing so on behalf of Canada, and I must say that both my wife and I were surprised and gratified at the warmth with which the greetings from Canada were received. No other country received a more resounding welcome, and I began to realize the tremendous extent to which the relationship and the common interests of Canada and Iran have developed over the past few years.

The Government in Iran is based upon a constitution adopted in 1906; it provides for a "Majlis" or House of Commons approximately the same size as our own. It also provides for a Senate. There are 60 senators, 30 of whom are appointed by the Shah and 30 of whom are elected. The qualifications for being appointed to the Senate or being a candidate for the Senate are very high. One must be over 40 years of age and must have been a prime minister, minister or deputy minister, or must have held a full professorship in a university for at least fifteen years. The Government Leader in the Senate is Mohammad-Ali Safari, an outstanding representative of the Iranian people.

The executive power lies with the Shah, who appoints the prime minister on the consent of both houses. The members of the cabinet may not be members of either house but are responsible to both houses.

Hon. Mr. Martin: Honourable senators, may I ask Senator Stanbury a question? He says that the members of the cabinet are not members of either house, but they are responsible to the two houses. What does he mean exactly by that? When we say that the Government here is responsible to the House of Commons, we mean by that that the House of Commons can determine the tenure of the Government.

Hon. Mr. Stanbury: As I understand it, the situation there is that they are so described in the constitution as being responsible to the two houses, and they may be called before the houses for an explanation of their policies.

We had the opportunity to meet and talk extensively with all of the senior members of the government. My wife was presented to Her Imperial Majesty Farah Pahlavi, Empress of Iran, and I was given the great honour of being presented to His Imperial Majesty Mohammad Reza Pahlavi, the Shahanshah of Iran. I was able to present to His Imperial Majesty the personal greetings of our Prime Minister, who has received the unusual courtesy of a warm reply from His Imperial Majesty.

The Shah spoke to us for nearly three-quarters of an hour about his hopes and aspirations for the people of Iran. He invited questions and comments, and received them from many of the foreign observers. One could not help but be impressed with his beautiful command of both English and French, his gentility, his ability, and his sincerity. He appreciates that what he is trying to do is to develop a revolution from the top, and he is most concerned as to whether he and his colleagues in government and in the political parties can persuade the people of the desirability and, indeed, the necessity for democratic reforms. He is unrelenting in his pressure upon the leaders of the government and the political parties to work with the people and educate them in the ways of democracy in such a way as to assure the success of his objective of concluding his reign with the advent of a completely democratic political system.

The Prime Minister entertained the foreign observers at his residence for lunch. He talked about the evening when he and the Shah entertained Prime Minister Trudeau of Canada and his party as they were returning from the Commonwealth Conference in Singapore. They were delighted with the personal contact, and were intrigued by the fact that it was in the following week that the Prime Minister was married. The Shah remarked to me that Mr. Trudeau did not tell them about his impending marriage. I replied that he did not tell us either. The Prime Minister of Iran, Mr. Hoveyda, claims to be the first prime minister to be married in office. He feels that he and Mr. Trudeau should form a club of confirmed bachelors who have seen the light.

The Prime Minister was most gracious to us. He drew to my attention the help that Canada is giving Iran in developing the forests in the foothills of the Elburz mountains bordering the Caspian Sea; the credit of $100 million that Canada has given Iran to assist in developing a sophisticated communications network; the common faith Iran and Canada place in the United Nations to solve the problems of conflict in the Middle East; the pleasure which Iran has taken in the strong position Canada has assumed with respect to oil pollution in the Arctic and on its coasts; and the general affinity which

has begun to develop between Canada and Iran. Both countries are large in proportion to population. Both countries have substantial natural resources, and lie in close proximity to strong neighbours who have need of those resources. Both countries have the strongest possible interest and desire for the preservation of peace, and the extension of commercial and social intercourse throughout the world.

At a luncheon given by Senator Safari, the Government Leader in the Senate, I had a most interesting discussion with Professor Sadiq, the founder of the University of Tehran and of a number of other colleges and universities in Iran. He is probably the greatest authority on the history of Iran, having written some 26 books on the subject.

He told us that the new Iran began under Shah Reza Pahlavi, the father of the present Shah, of whom Senator Sadiq was a collaborator. He said that Shah Reza Pahlavi was not highly educated, but he was progressive and a good judge of men. He was proud to say that the present Shah has all the qualities of his father, plus the advantage of an excellent education.

I asked him why Iran was known as Persia to the rest of the world. He said that Persia was the name of the province where Persepolis, the ancient capital of the Persian empire, is situated. The outside world got into the habit of referring to the whole country as Persia, but in the Farsi tongue the country has always been Iran—land of the Aryans. He said that the history of the western world is in error in a number of matters. Alexander the Great did not order the destruction of Persepolis. He ordered it to be preserved, but his soldiers sacked it. He said that Persian artifacts indicate nothing of Persians ever going across the Bosporus into Greece, and historians have proved that Herodotus' story about the rape of Athens by Xerxes could not have happened. Our conversation with Professor Sadiq was another of the fascinating experiences of our visit to Iran.

I should not leave the subject of the Senate luncheon without saying that it was held in the beautiful Senate building in Tehran. While I love and revere this place, I must say that I was impressed by the beautiful decor and facilities of the Senate building in Tehran.

On another day the majority leader in the Majlis entertained us at the Parliament Buildings. Beautiful new facilities are being constructed because of the expansion of size of the Majlis, but the old Parliament Building is a joy to behold. The feature of it is the Hall of Mirrors, which is almost blinding in its brilliance. The legend is that the ruling Shah at the time of its construction ordered mirrors to match those at Versailles, but when they arrived they were broken. He then caused the pieces to be arranged in intricate patterns which developed an Iranian style which has been carried on through the years, and can now be seen in palaces and other public buildings. At the luncheon I sat with the President of the National Insurance Corporation, and learned a great deal about the way in which the capital assets of the corporation have been used to build hotels and develop other tourist and national development projects in the country.

Of the eight days we were in Iran, three were spent in travelling the country. In Isfahan we stayed at the Shah Abbas Hotel, one of the facilities built by the National Insurance Corporation. I think it must be the most beautiful hotel in the world. In its lobbies, dining rooms and bars are displayed all of the artistic culture of the people of Isfahan—paintings, filigree, tilework, carpets, the designs of the honeycombs of the mosques, and on and on. The gardens are also magnificent.

In Isfahan we saw the Blue Mosque, the Palace of Forty Columns, the bazaar, the Friday Mosque, the ancient bridges—all very exciting for a person who had never before visited the Middle East.

In Shiraz we found ourselves among a deluge of roses. The rose originated in Shiraz, but we were told that until about ten years ago roses had become almost extinct there. Now the road from the airport to the city has a boulevard seven miles long of solid roses. The monuments to the great poets, Saadi and Hafiz, and the famous Garden of Paradise are probably the most beautiful things of their kind anywhere in the world.

At the ruins of Persepolis, some 30 miles from Shiraz, we found ourselves at the birthplace of a civilization. This was the ancient capital of Cyrus the Great, of Darius, of Xerxes, of Artixerxes. Here were their palaces, their tombs, the ruins of their city of over two million people, the carvings, and the lofty columns topped by elaborate capitals. And all these relics of antiquity were surrounded by signs of preparation for the great celebrations of the twenty-five hundredth anniversary of the founding of the Persian Empire by Cyrus the Great—a modern hotel, a tent city, a stadium, vast parking lots and beautiful highways. Persepolis was another tremendous thrill.

Back in Tehran we were advised that arrangements had been made for us to be taken to Abadan and Kargh Island the following day. Abadan is about a three-hour flight from Tehran on the Shatt-al-Arab, the major river flowing into the north end of the Persian Gulf. It is the major oil city of the world. But perhaps the most intriguing part of that trip was the visit to Kargh Island which is about an hour's flight out into the Persian Gulf. It is a piece of sand and coral on which has been built the greatest oil distribution centre of the world. It is fed by four submarine pipelines bringing heavy and light crude from the various oil fields on shore. It has storage for 14 million barrels of oil. That capacity will be increased to 20 million barrels over the next three years by the addition of six more 1,000,000-barrel tanks, the largest oil storage tanks in the world. From the loading jetty ten 250,000-ton tankers can be loaded at once through a computerized loading system. On the other side of the island they are building a sea island jetty which will handle the 500,000-ton tankers which have not yet been built. And with the 100-degree heat came the warmth of hospitality by the managers of the national oil companies, with a marvellous dinner and a swim in the Persian Gulf.

I suspect that everything I have said so far has indicated my enthusiasm for modern Iran and the attention it has paid to the preservation of its traditions and its relics of antiquity. Neither I nor the Iranians themselves would want to suggest that things are anywhere near perfect. It is the progress that is impressive. Only a few years ago there was illiteracy to the extent of 75 or 80 per cent of the population. Now it has been reduced to about 50 per cent through a program of sending high school graduates with some teaching training out into the villages to teach. The per capita income is only $300, but it is only a few years since it was $150. The army is ever present, but it is only a few years since the country was torn by tribal strife and fanatic factions. I noted, too, that the soldiers are neat, polite and appear to be regarded hospitably by the people. External relations are not entirely smooth, but it is only a few years since others had control of all their external relationships.

All of this gives the people of Iran cause for celebration, and in October of this year they will celebrate the twenty-five hundredth anniversary of the founding of the Persian Empire. The preparations in Iran are impressive. Everywhere there are signs of projects, large and small, under way. It reminded me of our own hectic preparations for our centennial in 1967. Excellent roads are being built, tourist facilities are being constructed, museums are being prepared, and some 5,000 schools are being built. The whole country is a sea of activity.

But one of the most interesting aspects of their preparations is the way in which they are involving foreign governments and peoples in their celebrations. Many of you will remember the impressive pavilion built by Iran at Expo '67. That pavilion has continued to grace Man and His World, and has been completely refurnished for this year. Iran has asked Canada to form a committee to help to draw the attention of Canadians to the celebrations in Iran and to involve them in those celebrations. The committee has been formed under the chairmanship of His Honour the Speaker of the Senate, and it has as its members an impressive list of outstanding Canadians. The committee is obtaining the co-operation of museums and educational institutions across Canada, Canadian radio, television, newspapers and magazines, as well as our theatres, to focus our minds on Iran and to give us the opportunity of learning a little about the pride and the progress of the people of Iran.

Honourable senators, Iran is a country worth watching. I believe it is unique in its progress toward democratic government, and in its attitudes toward economic and social reform. Its approach to trade and foreign relations are things from which we could learn a great deal.

His Imperial Majesty the Shah, the Government of Iran, and the people of Iran have shown a great warmth toward Canada, and have identified a great breadth of common interest which is shared by the two countries. I am personally most grateful to them for the kindness and hospitality and openness they showed to my wife and me.

I sincerely hope that Canadians will respond to the work of His Honour the Speaker's committee, and will take an early opportunity to visit Iran so that mutual friendships will have the chance to grow and prosper.

[Hon. Mr. Stanbury.]

AIR CANADA

MOTION TO REFER ANNUAL REPORT TO NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, June 2, the adjourned debate on the motion of Hon. Mr. Cameron that the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.

Hon. L. P. Beaubien: Honourable senators, when Senator Cameron made the motion to refer the annual report of Air Canada to our National Finance Committee I thought he made an excellent speech. It was well documented. The arguments were convincingly presented. I am simply amazed at the experience he has had. If Marco Polo could have been with us last Wednesday to hear that Senator Cameron had travelled 184,000 miles in 18 months he would have been green with envy.

I cannot add much from my own experience, but I can say that I flew from Croydon to Le Bourget on the 17th day of June, 1929, so I beat the Senator Cameron there by four years. I mention that because my wife and I just missed crashing in the Channel. About ten days previously I had arranged to fly on the 9 o'clock flight to Le Bourget, but the day before the flight for some reason or other we decided to change to the 11 o'clock flight. We went to Croydon and got on what was a converted Handley-Page biplane bomber, which carried 10 or 12 people. We took off, and just after getting over the Channel the airplane started to bank, and on looking down we could see the wing of another airplane in the water. It was the 9 o'clock flight. One thing we had forgotten to do was notify my mother, thinking that she would not come to the airport to meet us. In fact, she did and, of course, she had a worrying time for a couple of hours until we arrived. She thought that we had landed in the drink. The Paris papers next day said that seven people were drowned.

I want to move now from that time to March 9 of this year. It was one of those awful days with snow and driving wind. I thought I would take the 3 o'clock CNR train to Ottawa from Montreal, but it turned out that in the course of the morning an engine had gone off the tracks and no trains were moving. I was fortunate enough to get a seat on the daily Air Canada service at 3.55 p.m. I got a taxi and somehow managed to reach the airport, arriving there when the flight had already been called. I was amazed that they were going to fly at all that day. There was nobody on the roads; I have never seen anything like it. Here I think we must give a great deal of credit to the Department of Transport and to all our pilots. How one could attempt to fly in that type of weather, I do not know.

However, as I said, when I got to the airport the flight had been called, so I went down to Gate No. 3 and found that the place was pretty well crowded. I found a seat, although there were many people standing, and sat down beside the little desk at the entrance. There were two girls there and another official, and they gave me a

boarding card, and since I had a first-class ticket they also gave me my seat number and marked it on my boarding card. After about ten minutes a crowd of people came in, many of them carrying large musical instruments, and with them was a man whom I later learned to be a representative of the CNR. He started talking with the officials, and I could not help overhearing some of what was said. This went on until a little after 4 o'clock, although our flight was supposed to leave at 3.55. Then a supervisor came down and he also got into the act. At 4.30 he went on the loud speaker and said, "Flight 459 is cancelled. If anybody has a reservation or a boarding pass, it does not mean anything because the flight is cancelled." And he ordered the baggage to be taken off the plane.

This is the daily flight which comes to Ottawa, and then goes on to Toronto. I should also mention that there was no way of leaving the airport, in my judgment, other than by this plane. The supervisor then announced that the next flight would leave at 5.35. A man in the background asked, "Won't that be all booked up?" to which the supervisor replied, "Yes, probably." Then another man asked about his connection at Toronto, but the supervisor did not say anything to that.

Honourable senators, here we are with a common carrier that turfs everybody off its ordinary every-day flight, and flies the Montreal Symphony Orchestra to Ottawa. It is one of the most amazing things that I have ever experienced. The Montreal Symphony Orchestra had been promised a special train to take them to Ottawa, but the train could not run because the tracks were blocked. I learned this from the CNR official who was looking after the group. They were then promised a special flight but the equipment was not obtainable, and the orchestra had an engagement to play here in the National Arts Centre that evening. This is the sort of thing I would expect to happen in a banana republic, but I cannot understand how such a thing can be justified here. But, I was there, and that is what happened.

I have been looking at the report of Air Canada, and I must agree with Senator Cameron that it is extremely well prepared and gives a tremendous amount of information. I also have here the annual report of the CPR which covers CP Air. I have always understood that Air Canada was given a monopoly on all the lucrative routes in Canada, together with the trans-Atlantic route. How CP Air can manage to make a couple of million dollars while the national airline loses $1 million is hard to understand. If by any chance the roles were reversed you can just imagine what kind of financial results you would get.

In that report there is something which I think would be very interesting to have explained. They have paid on the purchase of aircraft an amount, which they describe as "progress payments", of $126 million. What they have paid out for those aircraft amounts to 126 years' losses. They have also capitalized the interest on that amount, which was $5,200,000. I am not saying that that should not be done; I am not saying they may not have to buy this equipment and put up the money for it, but these are enormous amounts of money, and it seems to me it would be a very good thing if our National Finance Committee were to go over these figures with officials of Air Canada, and give them a detailed study. Therefore, I support Senator Cameron's motion to refer the annual report of Air Canada to the National Finance Committee, and to suggest that other honourable senators do likewise.

On motion of Honourable Mr. McDonald, debate adjourned.

CONSUMER PACKAGING AND LABELLING BILL

CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the house has concurred in the amendments made by the Senate to Bill C-180, respecting the packaging, labelling, sale, importation and advertising of prepackaged and certain other products, without amendment.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(see p. 1089)

NORTH ATLANTIC TREATY ORGANIZATION

FINAL COMMUNIQUÉ OF MEETING OF DEFENCE PLANNING COMMITTEE HELD IN BRUSSELS, BELGIUM, MAY 28, 1971

The Defence Planning Committee of the North Atlantic Treaty Organization met in Ministerial Session on Friday, 28th May, 1971, for its regular Spring meeting.

2. Ministers discussed the implications for Alliance Defence Policy of the current situation and in particular the latest developments in the East-West dialogue. They noted in this context the recent Soviet reaction to the long standing and repeated allied initiative on mutual and balanced force reductions, which will be the subject of consideration by the North Atlantic Council in Lisbon next week.

3. Ministers reaffirmed that NATO's approach to security will continue to be based on the twin concepts of defence and détente as stated in the 1967 report on the future tasks of the Alliance. They re-stated the vital role of a strong capability for the collective defence of the treaty area as a fundamental basis for a confident and successful policy of negotiation for the reinforcement of peace and security. They also confirmed again the principle that the overall military capability of NATO should not be reduced except as part of a pattern of mutual force reductions, balanced in scope and timing.

4. Ministers welcomed the substantial and concrete progress reported in the development and implementation of the European Defence Improvement Program, which a number of European countries announced in December 1970. They noted that, with the help of the infrastructure element of this Program, NATO would now be able to provide an integrated communications system (including space satellite elements) for the mid-1970s, and to execute a greatly-expanded program of measures to protect their aircraft in case of attack on their bases; and that the European countries concerned had taken steps to secure the earliest possible start on this work. Ministers also welcomed the measures taken to implement the extensive national force improvements and intra-alliance aid which constituted further elements of the European Defence Improvement Program. They also took note, with great satisfaction, of the reaffirmation by the United States Secretary of Defense of President Nixon's commitment of last December to the effect that, given a similar approach by the other allies, the United States would maintain and improve its own forces in Europe and would not reduce them except in the context of reciprocal East-West action.

5. In reviewing progress in following up the report on Alliance Defence Problems for the 1970s (AD 70 Study), Ministers noted that a starting point had already been established, in that certain measures to improve the defence posture of NATO countries were already in hand; some of these were specifically mentioned by Ministers during their meeting. Ministers agreed on the need for countries to begin implementation of further improvements in accordance with the report before them. A comprehensive report, which would also address further recommendations for specific measures and the question of relative priorities, was called for by Ministers for their meeting next December.

6. Ministers noted the continuing increase in real terms in the allocation of resources to military and military-related programs by the Soviet Union and other Warsaw Pact countries. In light of this increased capability, Ministers agreed therefore that in order to continue providing modern and sufficient nuclear and conventional forces and to improve the situation in the important areas highlighted in the AD 70 Study, some overall increase in defence outlays was needed. In the light of these considerations, and in keeping with the agreed Conclusions and Recommendations of the AD 70 Report, Ministers provided the NATO Military Authorities with the guidance necessary to enable them to prepare proposals for the size and structure of NATO forces for the planning period 1973-1978.

7. Against the background of the continuing growth of the Soviet military presence in the Mediterranean, Ministers gave special consideration to a report on steps to improve the Alliance's defence posture in that area. They noted that a number of measures to this end had already been taken, particularly for surveillance, while others were in hand or under consideration; and that countries were working both on an individual and on a co-operative basis as well as with the NATO Military Authorities to produce the most effective and co-ordinated results. Ministers asked for a further report on the progress made to be submitted to them at their next meeting. In the same context they noted that the Defence Planning Committee in Permanent Session had approved a political directive for unscheduled activities of the Naval On-Call Force for the Mediterranean as an additional mode of activity to regular planned activities for that force, for which authority has existed for some time.

8. Ministers also noted the continuing build-up of Soviet forces in the North-East Atlantic and the need for further planning for external reinforcements and other measures to improve the situation on the Northern flank.

9. Ministers approved a report recommending ways to streamline and generally improve the NATO procedures for collective defence planning. The main aims were to adapt these procedures to conform still more closely to, and thus to provide effective co-ordination with, national systems and timetables; while at the same time keeping them sufficiently flexible to respond to changing circumstances.

10. Finally, Ministers reviewed the status of various on-going Alliance defence planning studies.

11. The next Ministerial Meeting of the Defence Planning Committee will take place in Brussels in December 1971.

FINAL COMMUNIQUÉ OF MEETING OF NUCLEAR PLANNING GROUP HELD IN MITTENWALD, GERMANY, MAY 25 AND 26, 1971

The NATO Nuclear Planning Group composed of Ministers of Defence of eight NATO countries adjourned today after a two-day conference in Mittenwald, Germany. This was the ninth of the regular half-yearly meetings of the Group. Ministers attending the meeting were Mr. Donald S. Macdonald, Canada; Mr. Helmut Schmidt, Germany; Mr. Loukas Patras (Minister of State), Greece; Mr. Mario Tenassi, Italy; Mr. Willem den Toom, the Netherlands; Mr. Alv Jakob Fostervoll, Norway; Lord Carrington, United Kingdom; and Mr. Melvin R. Laird, United States. The meeting was chaired by Mr. Manlio Brosio, Secretary General of NATO.

Ministers reviewed the balance of strategic forces and exchanged views on the implications for NATO of recent trends and developments.

Ministers also confirmed that the NATO military plans were in conformity with the policy guidance which the NATO Defence Planning Committee had approved in December 1970.

Ministers discussed a number of studies dealing with the tactical use of nuclear weapons in defence of the Treaty area in support of the strategy of flexibility in response. These studies form part of an on-going work program designed to extend over several meetings. Consideration of these studies and others to be completed in the future is expected to assist in the development of further policy recommendations and thereby to enhance NATO's deterrent and defensive nuclear posture.

Ministers accepted the invitation extended by the Belgian Government to hold their next meeting in Belgium in the autumn of 1971.

THE SENATE

Wednesday, June 9, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANADIAN PARLIAMENTARY GUIDE

BIOGRAPHIES OF SENATORS

The Hon. the Speaker: Honourable senators, some time ago there were questions raised about the time limit for corrections to biographies which appear every year in the *Canadian Parliamentary Guide*. I have looked into this matter and I want to put on record that any corrections or new biographies should be forwarded before December 15 to the following address:

Canadian Parliamentary Guide,
P.O. Box 3453, Station "C",
Ottawa, Ontario.

I have arranged with the Clerk of the Senate that a reminder will be sent to all honourable senators at the beginning of December each year. By so doing we should be able to avoid the inconveniences that some honourable senators have been put to in the past with respect to changes they should like to have seen made to their biographies.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Report of the Master of the Royal Canadian Mint, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1970, pursuant to section 85(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

AUDITOR GENERAL'S REPORT

REFERRAL TO SENATE COMMITTEE—QUESTION

Hon. Jacques Flynn: Honourable senators, may I ask the Government Leader if it is the Government's intention to refer the Report of the Auditor General to a standing committee of the Senate?

Hon. Paul Martin: Honourable senators, I do not think I have tabled the report. Of course, it is open to my dear friend Senator Flynn, or to any honourable senator, to move that such a report be referred to committee. I, on behalf of the Government, would have no objection.

OFFICIAL RESIDENCES ACT

BILL TO AMEND—THIRD READING

Hon. Paul Martin moved the third reading of Bill C-241, to amend the Prime Minister's Residence Act.

Motion agreed to and bill read third time and passed.

GOVERNMENT ORGANIZATION BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Connolly (Ottawa West) for the second reading of Bill C-207, respecting the organization of the Government of Canada and matters related or incidental thereto.

Hon. Jacques Flynn: Honourable senators, Bill C-207 is an agglomeration of completely unrelated topics, the like of which Parliament has not been exposed to since the notorious omnibus bill which a couple of years ago amended a large number of the provisions of the Criminal Code. In my view it is an obvious attempt on the part of the Government to force Parliament to accept legislative enactments which, if they were introduced separately, might be more easily defeated.

We are being asked to approve in one and the same bill the establishment of a Department of the Environment, the creation of ministries of state, an increase in the number of parliamentary secretaries, a new status for the Postmaster General, new retirement regulations for public servants, and special privileges for deputy heads of departments.

I cannot complain with respect to the explanation given by the sponsor of the bill, Senator John J. Connolly, who did an excellent job, regarding which I will have a little more to say later. Perhaps the Government sees some sort of invisible thread magically sewing these disparate subjects together. If so, it has more imagination than it has common sense, or, for that matter, respect for Parliament. This whole legislative mess is an obvious ploy designed to surround one highly unacceptable piece of legislation with a plethora of less important matters in order to draw attention away from a detestable exercise in how to further enhance party solidarity by making all of the Indians chiefs.

Granted, this Government is in dire need of reorganization. This very bill is just one more piece of evidence in support of that contention. However, this is most definitely not the proper way to proceed. History nowhere records that a chaotic approach to restoring order where disorder reigned ever proved successful. The most loathesome facet of such a legislative monstrosity as the one we are presently debating is that by throwing everything into the same hopper and forcing us to vote for or against the package, the Government makes it impossible for a senator to indicate which parts of the bill he approves and which he would repudiate if they stood alone, or separately.

The ill-concealed and singular purpose of this devious piece of legislation is to increase the number of members of the House of Commons holding down government jobs

and collecting government salaries. The Government, after a seven hour debate on the validity of each, would be entitled to create as many new ministries of state as it saw fit.

At this point, and parenthetically, I should point out that clause 18(2) of this bill provides that the debate on the subject of whether the establishment of a new ministry of state is justified will be held only in the House of Commons.

Why is the upper house of Parliament not to be consulted on whether new branches of government are necessary? The creation of new ministries does not involve only the expenditure of money or a question of confidence in the Government. It involves a matter far more serious—in effect, the creation of new departments of government and the inherent danger of over-government. I consider it an affront to this chamber that its role as protector of the welfare and privacy of every Canadian should have been so arrogantly cast aside and ignored.

I return to the proposed creation of these new ministries of state for specified purposes. It is interesting to note that they will be responsible for policy formulation and development in their own esoteric sphere. This represents a serious departure from tradition, since policy formulation has always been a crown prerogative. Such an innovation is to be viewed with alarm. Furthermore, clause 23 provides that other ministers of state in any number may be appointed, and

> (a) may be assigned by the Governor in Council to assist any minister or ministers having responsibilities for any department or other portion of the public service of Canada in the carrying out of those responsibilities; and
>
> (b) shall exercise or perform such of the powers, duties or functions of any minister or ministers having responsibilities for any department or other portion of the public service of Canada as may be assigned or transferred to him pursuant to any Act of the Parliament of Canada.

The approval of the house is not required in such a case, and I suggest that clause 23 will enable the Government to do what is provided in clause 14, but then dispense itself from the provisions of clause 18 requiring approval of the other place when the Government wants to establish a minister of state for specified purposes. The only difference will be that in the latter case the minister appointed under clause 23 will receive only $7,500 in salary, if the practice is to continue to vote the salary of ministers without portfolio through the Estimates, instead of $15,000 which is the salary provided in this bill for new ministers of state by an amendment to the Salaries Act.

Parkinson's law is quite obviously at work here in the Government. For instance, the minister without portfolio in charge of Information Canada needs more people to run his department than Mr. Diefenbaker and Mr. Pearson needed to discharge their responsibilities as Prime Minister. I have noted that ministers without portfolio, or what this bill calls "other ministers of state," are paid only an extra $7,500 a year, while ministers of state for specified purposes will be paid $15,000 a year. This is the salary provided for the ministers listed in the Salaries Act.

Hon. Mr. Connolly (Ottawa West): Or with portfolio.

Hon. Mr. Flynn: Or with portfolio, but the ministers of state for specified purposes are practically the equivalent, in a way, of the ministers with portfolio, as we now know them. I can hardly understand that the ministers of state for specified purposes are placed—because their responsibilities will vary infinitely—on the same level as full-fledged ministers named in the Salaries Act. At the same time, it is difficult to swallow that a minister of state, appointed under clause 23 and having the same responsibilities as a minister of state for specified purposes, would receive only 50 per cent of the salary paid to his colleague who has no more responsibilities than he has.

I agree with the idea of junior ministers, but what is proposed in this bill is a mixture of senior and junior ministers, and no rule is provided for identifying who is a junior minister and who is a senior minister, who is a full-fledged minister and who is a minister with only limited functions.

There are already 29 ministers in office. Now we can look forward to many more, and to many more parliamentary secretaries, since there can be appointed, under the provisions of this bill, as many parliamentary secretaries as there are listed ministers in the Salaries Act, that is, 29. Also, we can doubtlessly look forward to an increase in ministerial staffs.

In addition, the Government selects the Deputy Speaker of the House, the Deputy Chairman of the Whole House, and the chairmen of the standing house committees. Although the last chairmen are not paid, they have a title that would justify an extra stipend, and I am convinced that they will eventually be given one.

No limit is placed on the length of time a minister of state for a specified purpose can function. We all know what that means. Nor is this bill clear as to whether these ministers of state will be super-ministers or very junior ministers, as I have said. If they are to be super-ministers, should not some sort of consultative procedure be set up among the ministers? If this is not done, then surely we can look forward to time-consuming, confusion-yielding internecine warfare in the Government.

It is interesting that we should be discussing the idea of increasing the size of government, so soon after the publication of the latest of the Auditor General's reports.

Hon. Mr. Martin: Would the honourable senator permit me to point out that I did table the report. I was not sure. I did table it yesterday.

Hon. Mr. Flynn: Yes, and everybody read about it in the press, and it is not a secret any longer. This report, as I have said, once again points out clearly, with its

examples of waste and irregularities in the administration of government, the evils of the giantism with which the Government is presently afflicted. If this Government had any sense at all, it would be striving to shrink its size. It is bloated; any further increase in its size could well blow the whole thing to kingdom come. Now that I think of it, that is not such a bad idea.

Section 20, to which I referred before, provides for the appointment of a secretary to be chief executive officer of a minister of state. His role apparently will be the same as that of a deputy minister. Where once we had only a deputy minister, we now stand to have an under-secretary and a secretary doing the same thing as a deputy minister.

Section 22 states that the minister of state will report annually to the house. How will we be able to judge his performance, not having any act to provide the criteria of judgment?

This Government is growing like Topsy. The whole Government side of the Commons is in line for a promotion of some sort. That should put the lid on any further palace revolt. Or is the Government misjudging its disaffected backbenchers?

Hon. Mr. Martin: I do not think so.

Hon. Mr. Flynn: While this bill would provide more jobs for the members of the other place who support the Government in the other place, there are no provisions in it concerning the members of the Senate who sit opposite. Since the Leader of the Government is now a full-fledged minister, as provided for in the Salaries Act, I believe that under section 25 he could normally obtain the services of a parliamentary secretary. He could certainly use one, and the appointee would not be kept idle. Quite obviously not. However, the Parliamentary Secretaries Act provides that the appointment can be made only from the House of Commons, which is rather sad. But it is slightly amusing to imagine the Leader of the Government in the Senate having a parliamentary secretary in the House of Commons.

With regard to Part VI of the bill, all I can say is that we would much prefer to have a crown corporation set up to deal with postal services in Canada. All the present provisions do is to create jobs for another minister and Secretary of State, if not for an associate minister.

To summarize, honourable senators, I should like to point out that the value of Parliament in a majority situation depends almost entirely upon the objectivity and independence of government-party backbenchers. That so many of them are, by means of this bill, made servants of the Government, or potential candidates for a government position, seriously jeopardizes the effect and influence of Parliament in the administration of this country.

The bill, to my mind, is perverse and wrong-headed. I am not at all surprised that only the sponsor has spoken up to this time for the Government side in this house; no one else appears to have the stomach for it.

[Hon. Mr. Flynn.]

As a matter of fact, it seemed to me that Senator Connolly (Ottawa West) spoke with praiseworthy lack of enthusiasm. The Government Leader surely did nothing to silence the Government supporters on this bill. He never does, does he?

Unnecessary as it is, I shall close, honourable senators, by saying that we in the Official Opposition do not appreciate this exercise in statism. We are profoundly worried by this proliferation of government.

Some Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): Honourable senators—

The Hon. the Speaker: May I ask the sponsor of the bill, who is about to speak now for the second time, if it is his intention to close the debate.

Hon. Mr. Connolly (Ottawa West): That is my intention, if it is agreed to by the Senate.

The Hon. the Speaker: I must remind honourable senators that if honourable Senator Connolly speaks now his speech will have the effect of closing the debate.

Hon. Ernest C. Manning: Honourable senators, I will not detain the house for more than a few moments, but I should like to comment on three aspects of this bill that are rather important both to this house and to the Canadian people.

In the first place I submit that the principle of embodying all of this reorganization in one omnibus bill is an unsound principle. It would be much better and more in the public interest when the Government feels it necessary to establish a new ministry or to make any fundamental change in the administrative structure of government, for such changes to be submitted to Parliament and to this house as separate pieces of legislation so that each can be considered on its merits rather than as part of an omnibus bill. In my view this type of legislation is bad legislation, and a policy that dictates this kind of legislation is bad policy.

In the second place I would suggest that, having regard to the excessive growth of all levels of government in recent years, particularly the national Government, there is need for a meaningful restructuring of the whole governmental administrative machinery. When governments grow rapidly and without any close co-ordination between the numerous departments that emerge, we easily lose the proper inter-relationships that should exist between departments of government.

I appreciate that it is too late for any action to be taken on this now, because the Government has decided on this form of reorganization. But I would submit for future consideration that a more meaningful step in the interest of good administration would be a complete restructuring of the whole administrative machinery of government with the idea of building an administrative

structure in which the inter-relationships between the different departments and the responsibilities of the different departments would receive much greater consideration than they do today. Within the present governmental administrative structure many branches have little or no idea of what other branches are doing or what their policy or objective is supposed to be. When you get this kind of situation you do not get co-ordinated efforts; you do not get clear understanding within each division of what the overall policy and objective of government is. Therefore, you do not get efficient administration.

My third and final observation is that this legislation is predicated on the concept that most things that need to be done in this country can best be done by the public sector alone. There is no provision for any meaningful procedures for involving the private sector in the attainment of government objectives, whether those objectives be social, economic, fiscal, monetary or any other field you care to name. I submit that this is an area to which the Government would be well advised to give some serious attention. Personally, I completely disagree with the concept that governments are better able to do most things than any other segment of our society.

In this country today the Government does not utilize the vast resources of the private sector. I am not talking about the physical resources but the experience and know-how of the hundreds of knowledgeable men in professional and business positions across Canada, whose contribution to the attainment of government objectives could be invaluable if only we had some techniques within the machinery of government to tap that experience and expertise and use it to the public benefit.

I regret that this legislation which purports to do some considerable restructuring of the Government contains nothing to indicate any intention or even interest on the part of the Government to utilize the experience and knowledge and resources of the private sector to supplement those of government in the attainment of goals and objectives which the Government may determine.

Hon. Eugene A. Forsey: Honourable senators, I realize that at this stage one should be brief, and that realization is brought home more forcibly by the admirable speeches that have just been given by the honourable Leader of the Opposition (Hon. Mr. Flynn) and honourable Senator Manning. I cannot say that I entirely share all the views which Senator Manning has just expressed, but I do share some of them. I reserve my right to discuss the matter more fully on third reading, having had the opportunity of hearing the explanations we shall receive from the minister in committee. Meanwhile I think it is right to say that I have certain grave doubts about this bill. I recognize that I have no official experience as an administrator, and that is why I simply say that I have grave doubts which are founded on some knowledge of the past political and constitutional history of this country.

The first thing I find dubious about this bill is the one referred to many times here and in the other place, that is that it is an omnibus bill, presenting under one comprehensive canopy a great number of provisions dealing with many different subjects. Of course, it can always be said that they refer to the organization of the Government of Canada, but if you want to draw your net wide enough you will find that practically everything we discuss here is related in one way or another to the organization of the Government of Canada. You can refer to a tremendous variety of subjects in any bill of this kind if you want to define the term "organization of the Government of Canada" in a wide enough fashion. But it seems to me that we have here a great diversity of subjects. Were it not for that fact, the proposals contained in this bill, if they had been separated and put in a number of different bills, might have been before us and some of them might have got through the other place much faster than has been the case with this bill. I think it is another instance where the longest way round is the shortest way home. It seems to me that that was a tactical mistake, to say the least. I think it makes it exceedingly difficult for members of either house to give a verdict on particular proposals when they have such a mass of diverse matters before them.

There are certain things in this bill which I think nearly everybody will support, notably the establishment of the Department of the Environment. I was talking the other day to somebody who, I think, is pretty knowledgeable in this field, and he told me that he had reason to believe that on certain matters connected with the environment there were 17 branches of various departments of government dealing with substantially the same investigations into this subject, and all of them conducting their proceedings in blissful ignorance of each other's activities. My memory may be at fault in saying 17, but I know it was a large number, and this gentleman was in a position to know. I think if we can get those all under one tent and at least have each one informed about what the others are doing, we shall have made some considerable progress. In general, I think that part of this bill which deals with the Department of the Environment is admirable and, indeed, perhaps, overdue.

But when I come to consider some of the other things contained in this bill, I am much more doubtful. As I read Senator O'Leary's speech, it seemed to me that it contained a variety of calculations of the numbers involved in this bill, but no matter how you calculate the numbers it is obvious that this bill will result in a much larger cabinet than we have now.

There are several honourable gentlemen here on both sides of the house who have sat in cabinet, and they are far better placed than I am to judge whether an increase in the size of the cabinet is likely to increase its efficiency. But from such study as I have made of the political and constitutional history of this country, I doubt very much whether a cabinet of possibly 34 or 35 ministers is likely to be more efficient than the present cabinet which, if all the portfolios were filled would certainly be the largest we have had in our history.

I am a supporter of this Government, and I make no apology for it, but I must confess that I am not persuaded that the large size of the present cabinet enhances the

efficiency of government. And I am far less persuaded—and here I speak subject to correction by those who know better—that adding half a dozen ministers, which could easily happen here even after you have allowed for the subtraction of two ministers without portfolio, or rather their translation to a higher sphere, is going to enhance the efficiency of the Government of Canada. It seems to me that with a cabinet of that size, the process of decision-making is more likely to resemble the processes of a deliberative assembly than those of a decision-making body.

Those are the chief comments I should like to make, but I have one minor observation which concerns a peculiarity of certain terms used in the bill. Hitherto, if I am not mistaken, the English word "department" has been translated "ministère", but now I find that we are setting up here something which after the English fashion we call "ministries of state" and lo and behold they appear in French as "départements". I should be extremely interested to know why it is that we are playing ducks and drakes and jiggery-pikery with the two official languages. It makes my head swim. If a "département" is a ministry, and a department is a "ministère", can we not tidy this thing up in some way? The difficulties of translation are already formidable and I cannot help wondering why on earth we have shifted to the English of England habit of calling a ministry what we call a department, and then of course being forced to produce another French translation for it.

Hon. Mr. Flynn: It is merely to add confusion to an already confusing situation.

Hon. Mr. Forsey: It seems to me to be so, Senator Flynn. I speak subject to correction by my olders and betters or even by my youngers and betters. Nevertheless, I do have certain doubts about certain aspects of this bill which I sincerely hope will be dissipated by the explanations given in committee. I am not a member of that committee but I think I have the right to attend and listen attentively to what goes on. As I say, I earnestly hope that my doubts will be dissipated but I am not absolutely certain I shall find myself completely converted to everything contained in this bill.

I am a little puzzled, I might add by way of postscript, by some of the provisions for pensions and so forth for retiring deputy heads of departments or superfluous deputy heads of departments. I can see that there may be something to be said for tempering the wind to the shorn lamb, but I am not altogether clear about what is involved. I noticed as I read Senator Connolly's (Ottawa West) speech on moving second reading that he was not clear as to the effect of those parts of this bill, if I understood him correctly, and that he felt that the information he had to present to the house at that time on this part of the bill was less than complete.

I am sorry to have detained the house for this length of time, but I really felt that I must put myself on record as expressing certain qualms, certain uneasiness and certain doubts which I entertain about the contents of this bill in the respects I mentioned.

[Hon. Mr. Forsey.]

Hon. Hartland de M. Molson: Honourable senators, I think we are down to the stage, as my predecessor has stated, of short speeches. I want to go on record as saying that I also have very grave reservations about this bill. I do so on counts that have all been mentioned by previous speakers, but I still think they are valid counts. My first one is the omnibus nature of the bill. In the matter of government reorganization one can quite well expect to have a wide variety, but I submit that the variety in this case is a little wider than would seem to be desirable and, in fact, even understandable.

When looking at Part IV of the bill, which deals with Ministries and Ministers of State, my eyes slid up one paragraph and I read, "to operate and administer any astronomical observatories..." It seemed to me that this shows we are mixing a very wide variety of subjects.

The second ground on which I have some reservation is this: My colleague Senator Flynn pointed out that the bill provides that the debate on the subject of whether the establishment of a new ministry of state is justified will be held only in the House of Commons and will not be a matter for Parliament as a whole. This leaves me somewhat puzzled. I do not know whether this is right or wrong, but it strikes me as being odd.

My third reason for not being completely in accord with the bill is the proliferation of jobs that is once more evident in Government. Enough has been said on this subject in this chamber and in this debate. We all know why we are concerned. Government in Canada is enormous. I am quite sure that the situation is more widespread and deeper than in almost any other country. We have an enormous cabinet compared to that of many larger countries, and we are now adding to that level of government. Sometimes when businesses are in difficulty, particularly those that are not well run, they engage another man and allot certain duties to him.

All this legislation does is to bring in Parkinson's law immediately. It makes communication more difficult. It imposes another layer between the operator and the administrator. In most cases it does not aid in rapid and effective administration, but slows it down and confuses it.

Honourable senators, for these three reasons I am not in full support of the bill.

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if Senator Connolly (Ottawa West) speaks now, his speech will have the effect of closing the debate.

Hon. Mr. Connolly: We have had this afternoon a very good and rewarding discussion on the bill, even though from the point of view of the sponsor of the bill there has been a rather negative approach to the legislation.

I do not propose to make a lengthy reply. But I wish to say that from now on I should probably adopt the attitude of omniscience when explaining a bill. It was twice called to my attention that I did not appear to be in favour of certain aspects of the proposed superannuation provisions. The fact of the matter is that I did not understand them. That is my fault, and not the fault of the able official who supplied me the information. Both Senator Isnor and Senator John M. Macdonald raised a question about that. It is a very technical point on which I think it would be more desirable to have an explanation from the official in committee than for me to take the time of the chamber.

It has been suggested that perhaps I was less than enthusiastic in my explanation of the bill. Rightly or wrongly I have come to the conclusion that the prime objective of the sponsor of a bill is to inform his colleagues to the best of his ability of the contents of the bill. I do not think that the question of advocacy enters into or should enter into his consideration or treatment of the bill to any great extent. The first problem is to try to clarify the provisions of a measure regardless of how complicated the bill may be. In any event, I view that as my duty as sponsor of the bill and I have tried to discharge it in the best way I can.

Quite frankly, there are parts of the bill which, if I were a member of the Government, I would prefer to discuss further before I gave my approval, such as the omnibus character of the bill, and the question of using a device used so often in a legislature, that of a state law amendment act which is, in fact. an omnibus bill. This is a practice which has been used in provincial legislatures for many years. When I was a member of the cabinet and chairman of the legislative committee, I suggested using this device for certain legislation. However, it was thought at the time that it was not a useful device to be used in Parliament, particularly in a federal Parliament.

Well, it has been used here. Primarily it was intended not to mislead or distract, but to save parliamentary time. Considering the history of the bill in the other place, it is obvious that it did anything but save parliamentary time. In fact, it extended discussion which might have been a good deal shorter had the measures been introduced piecemeal. Perhaps it can be regarded as an experience for the Government to have seen what happens to omnibus bills, and it may be a course of action that will be corrected in future.

Hon. Mr. Choquette: Is that not the third or fourth type of omnibus bill we have been faced with? They have had the same experience in the other place, have they not?

Hon. Mr. Connolly (Ottawa West): I do not think we have had one in this Parliament. I think that omnibus bills in this house and in the Parliament of Canada generally have been few and far between. We may have had a few, but I think that governments have learned, as a result of experience, the form in which they should present legislation to both houses.

One of the major points of criticism both here and in the other place has been the suggestion that there is in this measure too great an opportunity for proliferation of ministers. Senator O'Leary said, in addition, that it was an incursion upon the independence of private members of the House of Commons by attaching more and more private members, who might conceivably be more independent of the Government, to the cabinet or to members of the cabinet. Finally, there was a suggestion that cabinets in this country are now becoming too large. I would be less than frank if I did not say there is sound argument in favour of two-tier ministers—those of the Privy Council and those who are of the ministry but not of the Privy Council. If I had been in the Government—and this view is shared by many of my colleagues in the Senate—I would have argued that perhaps two tiers of ministers is something that might be considered. However. I say that it would be a new concept for this country. Perhaps it will come.

In the meantime, all these ministers, whether they be ministers attached to ministries of state or attached to ministers with portfolio, which are the only two categories proposed, will be of the privy council, of the cabinet. Then as ministers they are thoroughly familiar with government policies, government thinking and with the direction in which the Government is endeavouring to proceed. This is an asset for a person with the responsibility to discharge policy for a government.

I think we all agree that it is highly desirable, for example, that the Leader of the Government in this house or, as we describe him, the Leader in the Senate, should be a member of the Government. He gives better direction to this house because he is a member of the Government.

Hon. Mr. Flynn: I would suggest clearer direction rather than better direction.

Hon. Mr. Connolly (Ottawa West): Perhaps if it is clearer it is better.

Hon. Mr. Flynn: Not necessarily.

Hon. Mr. Connolly (Ottawa West): I think the Leader of the Government, as have all previous Leaders of the Government of this house, has given very clear direction. I used to be very concerned, for example, in Senator Aseltine's day and when he was leader here, about the fact that he was not a member of the Government. I think there were times when he felt that it would have been more helpful to him and his work, and more helpful to the Senate, had he been a member of the Cabinet. There were reasons why that was not possible, but generally speaking I think the case illustrates the point that I make.

I have said that there is a case to be made for two tiers of ministers. That structure exists in the United Kingdom, where they have only 17 members in the cabinet. However, they have ministers to the number of 27 who are not of the cabinet. In addition to the 17 in the cabinet and the 27 who are not, there are some 32 junior minis-

ters. In that category there are three classes: Under Secretaries of State, to the number of 22; Lords Commissioners of the Treasury, to the number of 5; Assistant Whips to the number of 3, and Parliamentary Secretaries to the number of two.

These are all considered to be posts equivalent to that of minister. However, they are not all of the Privy Council, nor of the cabinet. We do not have that system in this country. Perhaps some day we shall have to come to it. Perhaps we shall have to do so because physically there will not be enough room in the cabinet chamber to accommodate all members of the Privy Council who are of the cabinet. We may be able to discuss this more appropriately in committee.

Senator Flynn raised the question with respect to the resolution for the appointment of ministers of state to be attached to ministries of state being approved by the House of Commons only. I really do not consider this to be a major point and I rather doubt that he does. Houses of Parliament do take certain unilateral action rather than action by Parliament as a whole. We did it in this chamber as a result of legislation in connection with divorce. We were given by Parliament power to grant divorces, without resort to the House of Commons, by resolution of this house. Quite properly, also, in the Electoral Boundaries Readjustment Act a few years ago, legislation which is peculiarly an act of interest to the House of Commons, the changes in the boundaries were to be approved or disapproved, as the case may be, by resolution of that house alone.

There exists a very close connection between the appointment of a minister and of a ministry of state to the problems of supply. Therefore, particularly in the light of the new rules of the House of Commons for the granting of supply, it would be quite appropriate that the House of Commons should alone have the right to approve an order in council and ultimately a proclamation for the establishment of the ministry of state and the appointment of a minister of state to preside over it. However, as to the proliferation of ministries, I think much depends upon the sense of responsibility of the Government. Some of these ministers of state, those who are attached to a minister with portfolio, as Senator Flynn describes them, can be appointed without number as can ministers without portfolio. They will be paid at the same rate, $7,500 per year. They are really the equivalent of ministers without portfolio. There is no limit to the number that any government can appoint at any time.

The question of patronage is bound to arise in connection with a bill to add new ministries. Nevertheless, in view of the complex character of problems in this country, its very geographical size and the pressure of work, the importance of policy cannot be over-emphasized. Whether it is necessary always to have a minister to deal with a certain area of the public administration in this country, rather than have it done, as in Senator Walker's day, by loading a minister with several areas of responsibility, is a question of judgment. Had it contributed to the impairment of Senator Walker's health, I think it would have been a very bad thing to have overloaded the minister. He would have been and was, indeed, a very effective minister in the Government of this country. It probably would have been welcomed by him when he was Minister of Public Works to find that he had a colleague from the House of Commons who would be responsible, for instance, for the Central Mortgage and Housing Corporation, over which Senator Walker had to preside. As he said himself, it wore him down and made him tired. Of course, I suppose, he felt that he was not operating with the greatest of efficiency when he was so tired. This happens in government; I think fatigue is one of the serious problems faced by any minister in government today.

Senator Flynn, in referring to ministers of state who are to deal with certain areas of policy, said that the matter of policy is a crown prerogative. Of course, that is a very sound statement. I would make the point that these ministers of state, whether they are attached to a minister with portfolio or to a ministry of state, will all be of the Privy Council. They are all to be bound, therefore, by the rule of cabinet solidarity. The crown prerogative in matters of policy is now and will continue to be the responsibility of the Government. The Government itself will stand or fall upon whether or not the policy is approved.

Senator Manning made a point that all of us who are accustomed to the historical treatment of the problem of setting up departments will support. It is that heretofore the establishment of a new department has been done by special act of Parliament. Traditionally that has been the case. Now it can be done by order in council, in certain cases approved by resolution of the other place. We should remind ourselves, however, that under the Public Service Rearrangement and Transfer of Duties Act it is possible to do almost everything that is proposed in this bill. In other words, there is authority on the statute books of Canada today for a government, by rearranging certain areas of the public service, virtually to set up another ministry. What is being done here makes that section of the Public Service Rearrangement and Transfer of Duties Act an honest type of provision, because it is now in the open, though it can be done under that other act.

I submit that the problem Senator Manning raises about the co-ordination of the administration of various departments will always be with us. I would imagine it was a problem for him when he was Premier of Alberta. It is an increasingly more difficult one in a federal Government, where the ramification of problems is so great, and where the numbers of people involved are so much greater than in a province. I think governments will at all times have to be concerned with greater co-ordination in their administration. One does not have to look at the most recent report of the Auditor General to know that there is, and always will be, considerable overlapping and waste of time, money, energy and talent in a structure as big as the public service of this country. I have heard it said by people who have had long experience in government that the main responsibility of gov-

ernment, after policy, is co-ordinating the administration so that waste, extravagance and wrong-doing will be eliminated as far as possible.

Senator Manning also said that there is no plan in this legislation for involvement of the private sector. I agree with the reasons he gives for saying how important the private sector is in this country. A country such as this, which in certain areas, perhaps most areas, is only two or three generations from the frontier, certainly has to rely, in my view at least, on the efforts of the private sector to have a buoyant, dynamic and progressive economy. The GNP does not grow because of governments. In my view, the GNP of this or any other free country grows because there are enterprising businessmen in the private sector who will put their hide on the fence and take investment risks in order to see greater productive capacity develop within the economy.

I think we in this house should take every opportunity we can to stress the importance to the economy and to the social fabric of the country of the value of the work done in the private sector. This country is too young, too vast, and has too few people to be ready for the socialistic, paternalistic state that is to be found in so many over-crowded countries, particularly in the developed parts of the world, and especially in Europe. Governments there perhaps have not any other direction to go. It seems to me that the horizons of this country are clearly defined, and we should encourage the private initiative, private enterprise and ingenuity of our people to take advantage of the opportunities that lie here. This is not embodied in this bill, nor expressed in it, but surely it is an underlying proposition for the existence of all governments that they should proceed upon this principle. We must constantly draw it to their attention, and it was useful to have Senator Manning do so.

There are many other things I might have said. I was pleased to hear the speeches of Senators Molson and Forsey, and I may have touched, at least in a general way, upon the points they raised.

Perhaps honourable senators will allow me one other observation. In introducing the bill I suggested that it might go to the Standing Senate Committee on Legal and Constitutional Affairs. After discussing the matter with my colleagues who are affected, on both sides of the house, I think on reflection that at this stage of the session I would prefer the bill to go to the Standing Senate Committee on Banking, Trade and Commerce. If that meets with the approval of the Senate, if the bill receives second reading, I would propose so to move.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honorable senators, when shall this bill be read the third time?

Hon. Mr. Connolly (Ottawa West): Honourable senators, I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce. I might inform honourable senators that the intention is for the committee to meet tomorrow morning. In the absence of the chairman, I personally will see to it that the minister in charge, the President of the Treasury Board, and the appropriate officials will be in attendance. I cannot say at what time the meeting will be held. That will depend upon progress on the Order Paper this afternoon.

Hon. Mr. Martin: Perhaps I could say this for the benefit of Senator Connolly (Ottawa West), who perhaps has not had a chance to acquaint himself with more recent developments, having been fully engaged for the last hour or so. An effort has been made for the committee to meet at 10 o'clock tomorrow in the expectancy that it might be possible to consider a bill we are about to discuss.

Hon. Mr. Connolly (Ottawa West): I thank the Leader of the Government for telling me that. This bill can be considered and the minister will be available at 11 o'clock tomorrow morning. The committee may meet at 10 o'clock, depending upon what develops out of the Order Paper this afternoon.

Motion agreed to.

SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Martin for the second reading of Bill C-242, to amend the Senate and House of Commons Act, the Members of Parliament Retiring Allowances Act, and An Act to make provision for the retirement of members of the Senate.

Hon. Jacques Flynn: Honourable senators, Bill C-242 will serve to raise our senatorial emolument from $12,000 in indemnity and $3,000 in expenses to $18,000 and $4,000 respectively. We in the official Opposition approve of this adjustment, and intend to support the bill.

I am especially pleased with the fact that an equivalence in stipend between the Senate and the House of Commons has been maintained, and that the same proportion has been kept with regard to the amount granted for a senator's expenses—that is to say, they are half of what is allowed a member of the other place for the same purpose. I believe that this was obtained as a result of the representations of the Government Leader in the Senate, and he deserves our congratulations for his wisdom and fortitude.

The contribution which the Senate makes to the proper government of this country is as important and praiseworthy as it is maligned and misunderstood. For senators to have been offered less for their services than what is to be given members of the House of Commons would have constituted a serious affront to the dignity of this chamber. I repeat that I am very pleased that the Government has seen that it was essential to the prestige and usefulness of the Senate not to downgrade it, and again I thank the Government Leader for seeing to it that this did not happen.

The increase in indemnities is not at all excessive. It represents, when one considers that we have not had an increase since 1963, something in the order of 6 per cent per annum, which compares with the increases that have since that time been granted people in various other walks of life.

By no means is the size of the raise envisioned in this piece of legislation reprehensible. When one considers that 7,689 employees of federal departments, agencies and corporations earn more than parliamentarians, then quite obviously there exists a situation which needs rectifying.

The work of a member of the House of Commons or the Senate is of sufficient import to the welfare of the people of Canada, and the burden of responsibility which he carries is of sufficient magnitude that he should not be remunerated on the scale of every junior executive in the public service or private enterprise. This Government and those which preceded it can be faulted for not increasing the compensations paid to members of Parliament on a more regular basis. Had increases been forthcoming in a more regular way, they would not have been so large, and the chances are that they would not have attracted quite so much attention. They would not have provided our objective, perspicacious and consummately fair political pundits with quite the ammunition this increase has provided.

The criticisms I have read in the press have been entirely unconvincing. It was obvious that these critics had very little knowledge of the way Parliament operates. As to the objections raised in the other place by some small groups, they were clearly dictated by political opportunism. On the other hand, it is indeed unfortunate that some agreement could not have been reached, or some method found, whereby the need for Parliament to approve salary increases to its members would be eliminated, and I hasten to add that this is in no way the fault of the administration.

I know some people in the Government favoured such a scheme, and I am sorry to see that it did not get anywhere in the other place. I suppose it is futile for us to go through this exercise once more. The problems attendant upon our finding the perfectly acceptable formula for pleasing everyone involved, including the editorialist and the taxpayer, are countless.

The Government appears not to have given much consideration to that part of the report of the Beaupré Committee suggesting a raise in parliamentary pay, while throwing out tax-free grants in favour of accountable expense allowances. I have never been in favour of entirely accountable expense allowances, because it seems to me impossible to impose on everyone the same norms as to what will or will not be considered a valid expense. Each politician has his own particular way of running his affairs and should not be forced into a mould. Furthermore, the policing of these expenses would be very difficult and costly and they would give rise to more problems than they would solve.

I have some sympathy with the assertion, as it now stands, that the member representing a geographically small riding, or one close to Ottawa, is in a favoured position, and that perhaps what others use up in expenses he can pocket as extra salary.

As has been mentioned by the Leader of the Government, this bill does nothing with regard to pensions. For senators appointed before 1965 pensions consequently remain at two-thirds of the present stipend, and their widows stand to receive one-third which means only $2,667. This figure hardly compares with the amount which the widows of public servants stand to collect. I would like the committee to which this bill will be referred to look into this matter.

Mr. Clyne's advisory group on executive compensation in the public service, in its second report, holds that "matters affecting executive compensation are not static but are part of a dynamic process that requires constant attention." The same can certainly be said of matters pertaining to the compensation paid to parliamentarians.

I would go so far as to say that the parliamentarian is the least well treated of all senior public servants, and this is an unfortunate situation. We cannot expect properly qualified talent to seek to become parliamentarians, any more than we can expect them to accept positions in the public service, unless the offers are made as enticing as those such men are likely to receive from private enterprise.

Honourable senators, this bill is not perfect, but we consider it a step in the right direction and give it our full support.

Hon. Hartland de M. Molson: Honourable senators, I apologize for speaking again, but I wish to make one comment on this bill as I have some distinct feelings on the matter.

The last time we discussed parliamentary indemnities was August 1, 1963. I looked back to see what happened on that day, and found it was made clear then that from 1945 there had been no increase for parliamentarians until 1954, when the indemnity was increased from $4,000 to $8,000, although a $2,000 expense allowance was created in the interim. From 1954 there was no increase for nine years until 1963, when the indemnity was increased from $8,000 to $12,000, and the expense allowance was raised to $3,000 for the Senate and $6,000 for the House of Commons.

Speaking on that day in support of the measure, I said that it seemed a reasonable bet that it would be another nine or ten years before the subject came up again. I was wrong, but only by one year, because that was eight years ago. At that time it was pointed out that wages and salaries in the interim had gone up by roughly 70 per cent, while the increase for Parliament was one of roughly 50 per cent. The present figures have been mentioned by previous speakers in this debate. Once again it is true to say that wages and salaries in general have stepped ahead of the parliamentary indemnity, and for that reason among others this increase is justified.

Quite apart from that, it would be impossible to get the talents that are represented in the House of Commons and the Senate today for anything less than the indemni-

ty of $18,000 which is now being suggested. I think it is thoroughly justified. It is justified by comparison with the business world, the professional world and the public service. It is justified on any count that I can think of.

There is just one point with which I disagree. I am not satisfied that the expense allowance, which is always referred to as a tax-free expense allowance, is in its best form at the present time. In this I am in disagreement with my honourable friend, the Leader of the Opposition, who preceded me in this debate. To some extent it goes against the grain that, with respect to expenses, the normal business practice is not followed. The principle is well established in the business world that where one has expenses one submits an account, and I really fail to see why that principle should not obtain here. Apart from the fact that the rates applied to the House of Commons are different from those applied to the Senate, I see no justification in having a person like myself, who comes from Montreal, receive the same allowance as his colleagues who come from Vancouver, St. John's, or the Northwest Territories. Of course, there is some slight differential with respect to allowances for members of Parliament who come from the Northwest Territories, but that is applicable only to the House of Commons. In my opinion it would have been far better if that aspect of the Beaupré Committee's report had been implemented, and we had been required to submit expense accounts for legitimate expenses within the prescribed limits.

With that one reservation, honourable senators, I am happy to support the bill.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Martin, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

RULES OF THE SENATE

REPORT OF THE COMMITTEE ON STANDING RULES AND ORDERS—REFERRED BACK TO COMMITTEE

The Senate proceeded to consideration of the report of the Standing Committee on Standing Rules and Orders which was presented Thursday, June 3.

Hon. Hartland de M. Molson: Honourable senators, I will do my best to be even more brief this time.

Hon. Mr. Connolly (Ottawa West): This is a Molson day. It is a good day.

Hon. Mr. Molson: It is just one of those days, I am afraid, Senator Connolly.

Honourable senators, I move the adoption of this report.

The Hon. the Speaker: It is moved by honourable Senator Molson, seconded by honourable Senator McGrand, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Grosart: Explain.

Hon. Mr. Molson: Honourable senators, I shall say very few words in explanation. The Standing Committee on Standing Rules and Orders met on May 12. It has taken some time to present this report because the feeling of the committee was that we should not amend the rules either lightly or frequently. We did discuss all the proposals for rule amendments made between the beginning of this session and the present time. We discussed Rules 15, 3, 45, 78 and 7 and, of course, Rules 21 and 19 which are the subject of this report.

With regard to Rule 3, which allows for a rule to be suspended with leave, there was a suggestion that the reason for asking for leave to suspend it should be stated. Rather than amend the rule, it was suggested that the reason should be put into the wording of the motion which the senator makes when he stands to ask for leave, notwithstanding a rule, to make a motion. That would be incorporated presumably in the typewritten motion that the senator is given when he intends to ask for the suspension of the rule.

The amendment to Rule 21 that is before you is the result of the suggestion that legislation should come ahead of other matters. At the same time, to give effect to that proposal, it was suggested that in Rule 19 "inquiries" and "motions" should be placed at the end after "orders of the day," so that any matter pertaining to legislation would immediately follow the Routine Proceedings and precede such matters as "inquiries" and "motions".

That is the only explanation there is, honourable senators, for these proposed amendments to Rules 21 and 19.

Hon. A. Hamilton McDonald: Honourable senators, first I wish to apologize to Senator Molson for not informing him that I was going to object to the amendment of Rule 19. I just did not have the opportunity to do so. Unless I misunderstand what is being attempted by amending Rule 19, I must take some objection to it. I have to admit to honourable senators that I attended the committee meeting, and agreed with the decisions taken at that time and incorporated in Senator Molson's report.

I wish to say at the outset that I have no objection to the proposed change in Rule 21. With respect to Rule 19, which deals with Routine Proceedings, if we are going to end the Routine Proceedings at (e), as they presently exist, and follow with "(f) question period; (g) orders of the day", then how can we proceed to "inquiries" or "motions", which are Routine Proceedings, after "orders of the day"?

Perhaps I do not understand the procedure, but I question how we can proceed to an inquiry or a motion after Orders of the Day are called. I do not know whether this is possible or not. If someone can clear up my thinking on this I shall be very pleased. If not, then I suggest we send Rule 19 back to the committee so that this matter may be cleared up.

Hon. Mr. Molson: Honourable senators, this point was not raised before, and God forbid that I should set myself up as an expert in matters that are at least quasi-legal. I

would have thought that any inquiry or motion that followed the proceedings of the day, when it had been dealt with as an inquiry or a motion, would subsequently appear on the Orders of the Day for the following day. I do not see why there is any difficulty with that. Perhaps I am a little obtuse.

Hon. Mr. McDonald: Then after you have dealt with the Orders of the Day, do you return to Routine Proceedings in order to deal with the inquiry or motion? I do not know if that is proper procedure.

The Hon. the Speaker: I wonder if honourable senators would permit me a word at this point. I do not wish to be involved in the interesting discussion now taking place, but it seems to me, dealing with Rule 19(f) and (g), that if the rule remains as it is now it would mean, for example, that if today an honourable senator had given notice that on Tuesday next he would call the attention of the Senate to a certain matter, there would be no problem. His inquiry would be called on Tuesday next before the Senate proceeded to deal with legislation. If there is a change—and I think this is what Senator McDonald has in mind—and if an honourable senator were to give notice of an inquiry today that he would draw the attention of the Senate to a certain topic on Tuesday next, and if the order of proceeding in Rule 19 were changed so that it comes after the legislation, then there is no assurance that on Tuesday next such an honourable senator would be able to speak on the inquiry of which he had given notice. I wonder if that is the point that Senator McDonald is making.

Hon. Mr. McDonald: Honourable senators, that is really not the point I am concerned with. I am not concerned with the opportunity to speak. I am just wondering if you can call inquiries under Orders of the Day without returning to Routine Proceedings in order to make an inquiry an item on the Orders of the Day.

Hon. Mr. Molson: I do not know if Routine Proceedings as such are defined, and so I am immediately in a difficulty there. I would have thought that there was no difficulty in the rules, since Rule 19 just reads:

> 19. At each daily sitting of the Senate, the Speaker shall call for, in the following order:

And then the items are set out. As I say, there is no difficulty in Routine Proceedings. It was my assumption that we would go through the proceedings in the order suggested in Rule 19. After the Orders of the Day were completed, then inquiries would be called, and motions would be called, and if as a result of debate it was desired that they should appear on the Orders of the Day for the next sitting or a subsequent date, the inquiry or motion would then appear on the Orders of the Day for the next sitting or whatever subsequent date was appropriate.

Hon. Donald Smith: Honourable senators, I did not intend to participate in this debate. I had a very short conversation a few minutes ago with Senator McDonald, as a result of which I understood for the first time that, although he was a member of the Rules Committee, he had reconsidered the matter and was of the view it presented an important problem which deserved further consideration. Therefore, he recommends that the matter be referred back to the committee for further study. I have been thinking this over, and while I have not consulted anybody it strikes me, if I understand the motives behind the proposed change correctly, that they are to give precedence to government orders, and to place further along on our Order Paper such things as inquiries and motions which individual senators may wish to discuss.

This reminded me of something which is quite noticeable to those of us who have spent some time in the other place, and that is that the Senate is entirely different in a great many ways from the House of Commons. I do not think this is a very serious departure from the Senate's attitudes, but I raise the point, for the consideration of honourable senators, that when we are given equality of power to introduce subjects for debate, then we risk losing that power when we allow them to be relegated every sitting day to the end of the Order Paper, and I think we are offending against that principle of equality among peers.

There is another fundamental difference. When we rise to speak we do not address His Honour the Speaker; we address ourselves. I suppose there is an historical reason for that, and I have always felt that the Lord must smile on governments because they have recommended the most capable people to occupy the chair, certainly during the 16 years I have been here. Therefore, I wonder whether on these philosophical grounds, this report should be given more thought.

Every senator who introduces a motion or presents an inquiry in the Senate—and I notice there are four on the Order Paper today—considers it to be of great importance that such motion or inquiry be on the Order Paper. Some senators may consider them frivolous while others may speak to them, but those who present them have equal rights with the Leader of the Government to put on the Order Paper for discussion matters which affect the people with whom they are in daily or weekly contact. They consider those matters of sufficient importance that the debate they engender should form part of the record of this house.

I notice that the last four items on the Order Paper today by some chain of circumstances happen to be inquiries. They are all automatically relegated to the end of the Order Paper, but the senator to whom a particular inquiry is the most important thing he is concerned with may not get an opportunity for a very long time to discuss it, or it may be reached at a very inconvenient time to him. I hesitate to think that Senator Manning should have to come all the way from Edmonton, where he was engaged on private business, to find that he could not discuss what is to him a very important subject. If I do not talk myself out of it, I intend to make a short speech on the subject of his inquiry this afternoon. There are others who share the same view.

Perhaps this is not the time for us to make a definite decision. If I am joined by other honourable senators who have reservations about changing our rules in a way that

would make us a little more like the House of Commons in everything we do, and if there are others who are worried about the long-term effect of this amendment, I will move the adjournment of the debate to give us more time to consider the matter. If there is a motion to refer the matter back to the committee for one of the reasons that have been expressed, then I shall be satisfied. I am a great believer in the democratic process. I will not lead a filibuster on this matter, but I have expressed my views.

Hon. Alan Macnaughton: I find myself in considerable sympathy with the remarks of Senator Smith. It seems to me that under the headings of "Inquiries" and "Motions" there is a sense of urgency of which we have not taken full account. This is particularly true when one considers the rights of the Opposition. There may be a very important inquiry or motion that requires urgent consideration.

This does not happen very often in the Senate, but it happens almost every day in the other place. Therefore, before we make any changes to our rules—I am certainly not conservative in that respect, having presided over the Committee on Rules and Regulations in the other place—we should remind ourselves that there is usually an historical reason for the placing of these items in a certain order. Before we change that order, particularly in view of the rights of the Opposition, we should refer this matter back to the committee.

Hon. Jacques Flynn: It may sound a little ironic that I should disagree with the views of the previous speaker, who was protecting the rights of the Opposition. However, I must explain that this change is proposed on my suggestion.

There are two problems involved. One is the interpretation of what will happen as a result of the change. I am in agreement with the way Senator Molson indicated we should proceed from now on. The idea is that the first time an inquiry or a motion appears under Routine Proceedings it will be called after the Orders of the Day, but once it is taken up it will be included in the Orders of the Day. The main purpose of the change is to give precedence to legislation in the Orders of the Day. That is the objective.

Senator Smith has said that the effect will be to give priority to government orders. In a way he may be right but not entirely, because there is legislation which is due to private initiative, such as private bills or public bills initiated by individual members of the Senate. This is legislation in which the government has no direct interest. Therefore, it would not be correct to say we would be giving priority to government orders. Legislation is the main thing.

It is true that an inquiry or motion from any corner of the house may on occasion be very important, but I doubt if any inquiry or motion is of greater importance to members of the Senate than legislation. Usually a motion concerns something of special interest to the mover, and occasionally to a large group of senators or to the Senate as a whole. We know that legislation is a matter of interest to all senators at all times. That was the reason why I suggested that priority be given to legislative items in the Orders of the Day.

If the work load of the Senate—I am not thinking of committees, but the house—is so great that this rule would prevent a senator having an opportunity of putting his motion or of discussing any matter covered by a notice of inquiry, I would willingly agree with Senator Smith. However, I do not think that this would be the case. I have no fear that the rights of the Opposition or of any individual member of the house will be affected by this change.

In any event, since there is some doubt, I am willing to let the matter stand for the time being. It can be considered and if next week we feel that the matter should be referred back to the committee, I will not object. I just wished to make clear why I had suggested this change, and why I do not entertain the fears expressed by Senator McDonald and Senator Smith.

Hon. John J. Connolly: I do not wish to compete with Senator Molson in speaking often in one day. I have listened to this debate with great interest, and there certainly appears to be unanimity on the proposition that legislation should take priority over other matters on the Orders of the Day. The problem seems to be one of whether inquiries and motions in the proceedings of the chamber should follow the Orders of the Day. The question period will remain where it is.

Hon. Mr. Martin: That comes under the first item of the report.

Hon. Mr. Connolly (Ottawa West): I shall restrict my comments to the problem of inquiries and motions. We are concerned with the fact that it would be the first appearance for discussion of the inquiry or motion that would be put ahead of legislation, because after that, if the first proposition as submitted by Senator Molson is adopted, these inquiries or motions then become items on the Orders of the Day, and they would fall below the rank of legislation in the order of priority.

We may perhaps reach a compromise proposal and retain the order of Routine Proceedings as we now have them, bearing in mind that we are concerned only with the first speech. We might then devise a rule whereby there cannot be a second speech on the occasion upon which the inquiry or motion is first presented. We might even consider, although I do not think this to be in harmony with our own practice, a time limit on the speech of the mover of the motion, or the speech which presents the inquiry. That would support the main proposition, because it would work against the undue delay of legislation. But frankly, I do not think the imposition of a time limit on a speech in the Senate is consonant with our practice, or the way in which we would like to see this matter developed. It would not be out of the way to require the first speech in respect of a motion or inquiry to take place where it now takes place. Thereafter any speeches made under the same heading could be relegated to a position lower on the Order Paper than that occupied by legislation.

Hon. Allister Grosart: Honourable senators, this is an interesting discussion which raises other points, of course, one of which is how inquiries and motions ever get on the Order Paper. Rule 19 requires that inquiries and motions be dealt with before the Orders of the Day. By a historical process they have somehow got on the Orders of the Day, probably because we have a "rule" that matters under debate appear on the Orders of the Day in a certain order. It is this rule that puts legislation up, as Senator Smith indicated.

However, the real change suggested by the Standing Committee on Standing Rules and Orders seems to me to make sense. Rule 19 merely refers to the order in which the Speaker shall call the business of the day. He may call it in any order that the rules require. Therefore, the question raised by Senator McDonald would not represent a serious problem. We can take any of (a) to (i) out of Rule 19 and put them anywhere because, as I think Senator Molson said, there is no definition of the Routine Proceedings, but Orders of the Day are described.

I do not know how often senators read the material at the back of the book of rules, which refers to practices that have been developed. I have never been able to satisfy myself as to the validity of these comments. I sometimes doubt that they have the same status as the rules. However, at page 126 again we find the statement:

> The Speaker calls inquiries in the order in which they appear on the order paper.

And under "Motions":

> The Speaker calls the motions in the order in which they appear on the order paper.

Of course, Rule 19 says that they are called before Orders of the Day and there is obviously confusion here between the two terms, "order paper" and "orders of the day."

I am particularly interested in one matter which was discussed in the committee—

Hon. Mr. Martin: Does your last observation mean that Rule 19 is not consequential on Rule 21?

Hon. Mr. Grosart: Rule 21 refers only to Orders of the Day, which is item (i) of Rule 19. Rule 21 only refers to the order in which matters which are Orders of the Day shall be called. However, according to Rule 19, notices of inquiries and notices of motions are dealt with prior to Orders of the Day, inquiries, and motions. That is why I raised the question initially as to how inquiries and motions ever get on the Order Paper. I do not know how.

For this reason it might well be that the committee should reconsider the whole question. There may be reasons for this. Senator Molson suggests they get on the Order Paper after notices are given. However, Rule 19 deals with motions and inquiries. Items (d) and (e) refer to notices of inquiries and notices of motions; (f) and (g) to inquiries and motions. Therefore, if Rule 19 were adhered to presumably we would deal with motions at that time.

I believe that to be the reason for the committee's suggestion. I do not think anyone would be offended. I have indulged in this myself. One of the problems arises from speeches known as travelogues. There have been times when some of us reporting back here have spent an hour on what we term travelogues, when Government business was held up.

One other matter discussed very thoroughly in the committee was the suggestion that when a senator asks leave to suspend a rule he should not only state the rule, as is now required by the rules, but should state the reason. Senator Molson referred in passing to this, and I hope that he would have said a little more about it. I think it was a very important part of our discussion in committee.

The reason it seems to me to be important is that it is a serious thing, and should be regarded as such, for anyone to suspend a rule. The Senate is entitled to be told why. I do not mean there should be a long speech. There is usually a good reason. Why should it not be stated? Although this was not the decision of the committee, I would like to see our rules require, as they did prior to the last revision, that not only should a senator seeking to suspend a rule state the rule he seeks to suspend, but also that he should state the reason for the suspension.

In view of the points that have been raised here, many of which are of considerable interest, respecting the doubt as to the specific intention of the rule change suggested by the committee, it might be wise for the committee to reconsider it.

Hon. G. Percival Burchill: I rise to say that while listening to this very interesting debate this afternoon I was particularly impressed by the explanation given by Senator Flynn. I think the committee's report is excellent, and we ought to try their suggestion.

Senator Grosart refers to what I had in mind, the fact that occasionally we listen to a very delightful and charming travelogue of a senator's visit to distant countries while Government business waits for quite a long time. I am not saying anything derogatory about these excellent speeches or travelogues, if I might describe them as such, but I do think that first things should be put first.

Hon. Mr. Flynn: As a matter of clarification, honourable senators, no one objects to the amendment to Rule 21. The problem arises with regard to Rule 19. I wish to illustrate the inefficiency or fault of Rule 19 as it stands.

When the Speaker asks when a bill shall be read the second time, the Government Leader might say "Tuesday next". On the same day a senator might give notice that on Tuesday next he will call the attention of the Senate to a certain matter. Those two notices are given at the same time, but because of the way Rule 19 is now drafted the notice of inquiry will be called before the motion for second reading of a bill, yet those notices will have been given at the same sitting. I think that is why we want this corrected. Once a debate has started on a so-called inquiry, I think there should be provision for the precedence of legislation.

Hon. Paul Martin: Honourable senators, I do not want to prolong this debate, but I think that because of my role as spokesman for the Government I should add an observation. I do not regard myself, even at this stage, as anything of an authority on our rules, and I bow to greater experience, particularly that of Senator Molson. As I see the position, Rule 19 is not really consequential on Rule 21. Routine Proceedings are different from Orders of the Day. Routine Proceedings at present come before Orders of the Day. Senator Smith was quite right in saying that this gives a senator, whether he be backbencher or frontbencher in this chamber, his day in court, and we all appreciate how important and desirable that is.

On the other hand, as Senator Flynn said, one of our primary functions, although not our only function, is the legislative function. For instance, if the bill we were discussing earlier today had not been proceeded with today, the Government could have been faced with some serious consequences. I know that the Senate generally recognizes this situation, and when the Leader of the Government asks that a government measure take precedence, as we did the day before yesterday, that request is granted. The situation could arise, however, where, in the face of a recalcitrant Senate, government business could be seriously impeded.

I am wondering whether it would not be wise, although not because we show lack of confidence in it, to ask the committee to reconsider this matter. There are some aspects of the report that are good, and perhaps acceptable, but there are others that cause us some concern. If we could so arrange the rule so as to provide that government legislation, and perhaps other legislation, shall always, if asked for in certain circumstances, be given precedence, I think we might meet the point so ably enunciated by Senator Smith.

Further, it seems to me that calling the Orders of the Day before inquiries and motions could create technical difficulties, because the rule would call for Orders of the Day to be included in Routine Proceedings, and after the Orders of the Day are dealt with the Senate would return to Routine Proceedings by calling inquiries and motions. I am wondering, after the suggestion of the now disclosed author, whether it might not be useful to ask the committee to look further into the question. In supporting the proposal of the Leader of the Opposition, I want to thank the chairman of the committee for the work that has been done.

Hon. Hazen Argue: Honourable senators, in listening to some of the debate I wondered in what chamber I was this afternoon. It would seem to me that if this important change in the rules is necessary, it must be because government legislation has been held up, because there has been at least some substantial difficulty in getting government legislation before the Senate for debate. I have seen no difficulty of that kind. As a matter of fact, if government legislation from the other place is not already on the Orders of the Day, and if the Government Leader in the Senate and those who are in an administrative capacity here wish it to come forward, then an honourable senator may ask for unanimous consent that leave be given to proceed with it. I may be wrong, but I know of no instance during my time here when such a request for unanimous consent has been refused. It is my impression that senators are and always have been willing to co-operate with the government in bringing forward legislation as quickly as it is available. If I have heard complaints, they have not been that we cannot proceed to deal with government legislation, but rather asking where the government legislation is and why it is not here.

Objection has been taken to the travelogues. I have not travelled, so I have not been asked to give a travelogue, but my impression has been that any senator giving a travelogue here has been as embarrassed by the length and detail of it as some of us who were listening to it. My impression is that a speech called a travelogue is given by a senator only after he has had a very strong request by the leadership in the Senate to make a speech, to give us a filler because there is nothing else that can be put before the Senate.

Hon. Mr. Martin: I cannot deny that.

Hon. Mr. Argue: You cannot deny it. Very well, we will leave it at that.

Hon. Mr. Walker: What other reason could there be?

Hon. Mr. Argue: Then what is the objection to travelogues? I have not noticed senators lining up with travelogues and standing in the way of government business. If there is a problem, let us deal with it, but I suggest there is no problem within the Senate itself in dealing with legislation. There is an important principle involved, namely, the right of an individual senator to give a notice of motion or inquiry, and have it called when the time comes.

Hon. Mr. Flynn: Not only a motion, but a bill.

Hon. Mr. Argue: An individual senator does have this important right, and I believe the rights of individual senators to be important. The Leader of the Senate said there might be a time when a recalcitrant Senate would prevent government legislation being dealt with in an adequate manner. I think the power of the Senate to prevent legislation being passed or amended is something that we have, and that we should sustain. However, I do not see how we are doing ourselves any good by removing the right of an individual senator to have his item called in the way now provided by the rules. There has been no evidence that I know of that the rules have been abused, yet they do protect a certain right that senators have enjoyed for a long time.

I would certainly go along with those who suggest that the committee might have a look at this whole question, in the light of the discussion we have had this afternoon.

Hon. Mr. Grosart: Honourable senators, I would like to point out that what Senator Argue says goes in the reverse, because the fact of the matter is that under our present procedure, as far as the Order Paper is con-

cerned, an honourable senator has the right of precedence for notice of inquiries and notices of motion. But when it gets on the Order Paper it is automatically downgraded.

Hon. Mr. Smith: No.

Hon. Mr. Walker: May I crystallize this discussion and move that the matter be referred back to the Standing Committee on Rules and Orders and that Senator Macnaughton be added to the committee?

The Hon. the Speaker: It is moved by the honourable Senator Walker and seconded by the honourable Senator Sullivan—

Hon. Mr. Molson: Mr. Speaker—

The Hon. the Speaker: I have a motion to put.

Some Hon. Senators: It is an amendment.

Hon. Mr. McDonald: Honourable senators, we now have a motion before us, the motion by Senator Molson. Whether Senator Walker is amending that motion or just what, I am not sure. I think we are out of order at the moment.

Hon. Mr. Walker: If there is a motion, the motion should be put, but I think it would be important to have Senator Macnaughton on the committee, as he knows more about the rules than anyone else in this house, with the exception of the Leader of the Government.

Hon. Mr. Grosart: And His Honour the Speaker.

Hon. Mr. Molson: Honourable senators, may I say a word at this stage before the question is put on the amendment or on the motion itself? First of all, since I have been a member of this chamber this is by far the best debate we have ever had on the rules of the Senate. Secondly, I would suggest that the purpose of the Rules Committee is to discuss these things. I wish that honourable senators would take occasion to accept my invitation to attend the meetings of the committee. If they had done so previously, they would have heard all this discussion. We sat discussing this for over two hours. There were 19 senators present—not all were members—and the Clerk of the Senate, the Law Clerk and the Assistant Clerk.

We have had a very useful discussion today, but much of it covered old ground, if I may say so. The committee is operating under a disadvantage, in that all we can do is what we have done here today, that is, discuss these various matters and bring in a report. At that stage, just as we have seen, it becomes like a discussion on the weather. We all have views on these matters, and quite rightly so.

On the last occasion I asked honourable senators to attend the committee meetings I pointed out that this is the one committee whose actions affect all senators because the rules apply to all of us. I hope that, when the committee meets next, every senator who can possibly do so will attend so as to participate in its decisions.

[Hon. Mr. Grosart.]

As to this debate, the Leader of the Government has made the point that Rule 19 is not a consequential amendment. That is quite clear, and I think the advice from the Clerk of the Senate was to that effect. But in the committee it was decided to amend Rule 21, and other rules. As a matter of fact, the Clerk of the Senate and the Law Clerk participated in this discussion. It was felt that it would be more understandable if at the same time as Rule 21, which applies only to the Orders of the Day, was being amended, Rule 19, which sets out the order in which the Speaker calls those items, should also be amended to put inquiries and motions at the bottom of the list.

As Senator Grosart has pointed out, an inquiry appears in our Routine Proceedings after notice has been given. The same is true for a motion. Then it appears in the Routine Proceedings for a certain date that a certain senator gives notice that he will inquire, or that he will move. That is how it arrives there.

On page 126, also called to your attention by Senator Grosart, it is pointed out on inquiries and motions that if the debate is not adjourned, the matter is considered debated and removed. If the debate is adjourned, the inquiry becomes an Order of the Day.

That brings me to the second point. It sounds as though I am lecturing, but I do wish that this book of rules would get a little more attention from all members of the Senate. Many of these problems are actually spelled out. The whole back section of this book is the work of the Clerk of the Senate, with the assistance of the Law Clerk. It is fairly extensive and covers many of the situations.

Honourable senators, with regard to what we do now, as I said, the Rules Committee is a servant of this chamber and will do exactly what the Senate wants. If you want to refer this back, we will have another meeting—and we hope to have 19 people again. We will discuss it again and we will bring back a further report. If that is what you want, we will be agreeable to do that. However, you can see that unless we get a larger attendance, which we would love to see, it is quite difficult to bring in an acceptable report.

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Molson, seconded by the honourable Senator McGrand:

> That the Report of the Standing Committee on Standing Rules and Orders recommending certain amendments to the Rules of the Senate, be now adopted.

In amendment, it is moved by the honourable Senator Walker, seconded by the honourable Senator Sullivan:

> That the report be not now adopted but that it be referred back to the Standing Committee on Standing Rules and Orders for further consideration.

Is it your pleasure to adopt the motion in amendment?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

The Hon. the Speaker: As there is some uncertainty, I will again ask those who are in favour of the honourable Senator Walker's motion in amendment to please say "Yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: And those who are opposed to it, will they please say "Nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: I declare the motion in amendment carried.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION—DEBATE CONTINUED

The Senate resumed from Thursday, May 27, 1971, the adjourned debate on the inquiry of Hon. Mr. Manning, calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Hon. Donald Smith: Honourable senators, this item has been standing on the Order Paper for some time now. When I adjourned the debate in the first instance, it was during the absence of Senator McDonald. At that time I had in mind, as the only purpose in adjourning it, that some other senator would wish to speak on the subject which was brought to our attention by Senator Manning. In the meantime certain events have occurred that have reminded me of particular aspects of this matter that I should like to refer to briefly before the inquiry is removed from the Order Paper.

First, I wish to congratulate Senator Manning for bringing this most worthwhile subject to our attention. The debate that has taken place on this subject so far has been most salutary. I should like to remind honourable senators that Senator Manning drew to our attention the need for reassessment of Canada's position in the matter of Canada-United States relations, which has been a subject of widespread interest in the public domain for many months—perhaps even for years. Some of the many aspects of this topic have already been well covered by the excellent speeches that have been made during the course of this debate. The general subject is one of interest to the particular part of the country from which I come, my home province being Nova Scotia.

It occurs to me that there has been quite a degree of exaggeration on both sides of the public debate on whether American investment in this country is an asset or liability. The close relationship with not only the economy of the United States but the people living in the United States is a traditional and continuing close relationship so far as most people from the Maritime provinces are concerned.

As I have mentioned on more than one occasion in this chamber, the fact that the Province of Nova Scotia did not become the fourteenth state of the union is only an accident of history. At the time of the American revolution Nova Scotia was much larger geographically than it is today. At that time it included a large part of what is now the Province of New Brunswick and a substantial part of what is now the State of Maine. It was, therefore, a very important colony from the British po.nt of view. At the beginning of the American revolution there was abroad in Nova Scotia a natural sympathy toward the cause of the American colonists. However, whenever General George Washington refused to support the uprising in Nova Scotia, which the leaders of that uprising had good reason to believe would eventually have the effect of neutralizing the effectiveness of the defence of Nova Scotia through the Halifax Citadel, that sympathy began to wane, because that was regarded as a losing game at the time.

The part of Nova Scotia from which Senator Blois comes was involved in that particular phase of our history more than my own part of the province. But the people frcm my part, which was the Port of Liverpool in those days, considered Liverpool one of the most important ports in Nova Scotia. It was regarded as almost as important as the port of Halifax appears to be regarded today. I think that is partly owing to Senator Isnor's propaganda, to tell you the truth. But at that time, as I was saying, their sympathies were reversed because the American privateers commenced to raid the ports of Nova Scotia, including Liverpool. The damage which those privateers caused consequently initiated a great upsurge of national feeling—a feeling for the Union Jack and for Britain. Perhaps, fundamentally, that is one of the reasons why that part of the country resisted so vociferously the inception of a new flag and the removal of the Union Jack, which had for years been regarded as Canada's national flag. I think it was because of that attitude that they were a little slow to change. I am glad to point out as an aside that that attitude has completely disappeared now.

I should also bring to your attention the fact that this interesting part of history has been written in a very appealing form by a friend of mine, Thomas H. Raddall, one of Canada's best-known authors of historical novels. As an historian he has been recognized by being awarded the Medal of Service of the Order of Canada. I am sure senators who live in other parts of the country would find his work useful as a source of information and a source of pleasurable entertainment.

Most early settlers of Nova Scotia were New Englanders. It is only natural that family ties continued to be strong even after the conflict was over. There were many reasons for that. There were trading reasons, because a great deal of trade resumed between the American colonies and Nova Scotia.

Another aspect of family ties is apparent even in my own time, although it dates back to long before that. Many young people of the day found employment and found wives in the American states and today their descendants form a large family of American cousins of those of us who chose to remain in Nova Scotia. I can even cite my own family as an illustration of this emigration, for in my father's time, many years ago, some of

his brothers and sisters moved south to New England while the others went out to Alberta, actually at the same time that the Governor General's father went to Red Deer. They were the first settlers out there. They had decided to go further afield than the others. I think some of that bloodstream perhaps strengthened the fibre of the New England states, and I am sure it had a great effect on the future development of the western part of this country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Smith: It is, therefore, natural that a close affinity should exist today between these two North American neighbours.

The Special Senate Committee on Mass Media had some rather important things to say about the influence of American mass media on the culture of our country and the dangers that might develop from too much of an American influence. It was feared that we might be absorbed culturally and that one thing would lead to another.

I believe that those who have spoken in the debate would be more concerned with matters relating to the trade and commercial aspects of our relations, and these also, it is alleged, are having and will have in the future quite an effect on the politics of our own country and even on our independence.

I should like to refer to some of these commercial aspects which both in the past and in the present are of interest to my own province. The few illustrations I give will indicate that our people in general do nothing but welcome American capital; they do nothing but welcome capital from any place. They are not particularly pro-Canadian; they are not particularly anti-American, because it is a mixed bag with respect to the capitalization of the industrial development of my province. But we have a deep interest in the United States. I can remember that as a young fellow growing up in my home town I knew a great many Americans who were pure Americans; they were not infused with the blood of Nova Scotians who had gone to the colonies. They had no relationship to them. They were fishermen from Gloucester and other ports who came into my own port. The youngsters in our area were very fond of them. Their incomes were much larger than the income of our own town's people. Their economy was different. Investment was more readily available to them, and so they had bigger boats. Anyway, we always enjoyed seeing them. They used to make friends with the youngsters on the wharf, giving them nickels or large-sized pennies. I have forgotten which.

The United States has developed over the years into a most important market for some exports from Nova Scotia. The growing demand in their market for our fish has been most dramatic over the last two years. As honourable senators will recall, not more than two years ago our market for fish in the United States was so bad that our federal Government had to set up special measures to support our fishermen. Their incomes had dropped to an unacceptable degree. This has now changed. The population explosion down there, and the fish companies' modern approach to marketing and advertising, and the good product that is available, have greatly opened up that market for Canadian fish products. Because of the great demand, the resistance of the American-based fishing industry is becoming less and less, so that now we can look forward to the removal of quotas against our highly processed fish and the removal of all duties from our products entering the United States, so that eventually we will have even easier access to that market than we have today.

I believe we have had an example of the change in the American attitude recently with regard to the movement of raw products from Canada into the United States. President Nixon is anxious to have the pipelines opened up, so that there will be free access for our oil to the tremendous United States fuel market, which is growing perhaps even more rapidly than is the food market. Of course, many of us have high expectations, based on some pretty good evidence, that eventually we will benefit from the development of oil resources off the Atlantic continential shelf. Then we will have a very important export product which will find easy access to that market.

I suppose the risk capital with respect to Atlantic oil resources, which is now mainly American, will continue to be American capital for some time. It is a high-risk enterprise to go boring holes around Sabre Island, and there does not seem to be the kind of capital required to do that available in our country at this stage of our development. I expect that capital will continue to be American.

Although American-owned and operated fish processing plants still exist in my part of the country, I think it is fair to say—and Senator Robichaud is so familiar with this that I have some trepidation in stepping into this area in his presence—that the main development of our fish industry is made possible through the use of Canadian capital. I believe it is also fair to say that with the present market conditions the industry will be able to continue to generate most of its capital requirements for future expansion. For the present we may not need American capital in this industry, but we need the greatest degree of co-operation in the conservation of our resources of fish. Americans have realized the importance of co-operation in this field and have been willing and concerned participants in international discussions and decisions arrived at by an international committee for the Northwest Atlantic Fisheries. Senator Robichaud, when he was Minister of Fisheries, had a lot to do with exploring possibilities in this area.

I want to say something now about investment in the development of forest resources with particular reference to my own province. In the first place, the most important market for our forest products is the United States. As has been pointed out from time to time by Senator Burchill, the British market has gone down considerably for various complicated reasons. With respect to the rather large industry which employs about 1,000 men in my own home town, the Bowaters Mersey Paper Company Limited, United States investment there is a minority

interest, mainly because it is based on the mutual goals of the continuity of an available market to the holder of that minority interest, which is held by the *Washington Post*, a rather large newspaper published in Washington, D.C. On the other side of the bargain is an accepted evaluation of the security of supply at fair prices, and the opening up of a substantial market for the Bowaters Mersey Paper Company. The rest of the ownership is not Canadian any longer. It started out to be, but it was bought out and for some years it was owned 100 per cent by the Bowaters Corporation of the United Kingdom.

Another example of the financing of the forestry resource industry is the substantial Scott paper and pulp mill in Pictou County, which is a subsidiary of the parent company whose head office is in Pennsylvania. This company had a good record during the many years it operated at other locations in Nova Scotia, particularly in my own county.

Another example of this type of investment in my province is the large pulp and paper plant now completed on the Strait of Canso. It is owned by Swedish interests, and its president is John Dickey, a friend of Senator Isnor, and a former colleague of his in the other place. We are pleased to see this degree of Canadian management in this Swedish-financed enterprise.

It is interesting to see the progress being made by the Volvo assembly plant in Halifax, which is also a Swedish subsidiary.

There is also a large Michelin Tire Company plant nearing the end of construction. In fact, two plants are being built in Nova Scotia, one in Bridgewater and the other in Pictou County. Together they will employ upwards of 1,500 people to start with. These plants are financed with French capital.

Japanese capital is involved in the automobile assembly plant established in Cape Breton.

These are good examples of such a heavily capitalized industry which, under equally favourable circumstances, do not depend on United States investment. However, United States investment still exists to a rather large degree, and so we can say that we have attracted capital from both sides of the Atlantic. It is interesting to note that in the past when Nova Scotians have experienced an unhappy situation with foreign capital, it has not been related to companies financed from south of the border, but with investment from abroad.

Two classic examples of this is the steel industry of Cape Breton and Fairey Aviation in Dartmouth. In each case the owners, after years of successful operation, called it quits and left those who were thrown out of work to shift for themselves. In each case, supported by governments at all levels, these plants have reopened and today continue to be operated by Canadians.

The most dramatic failure in Nova Scotia, as well as in the history of development in the country as a whole, is that of the heavy water plant of Deuterium of Canada in Cape Breton, where there is a possibility, which we hope does not develop, of a loss of over $100 million. However, foreign investment cannot be blamed for this catastrophe. If anything, it was the inability of the owner of the patented process to obtain capital in the United States, as he had undertaken to do in the early days of the development of that company, as well as assistance from the Government of Nova Scotia.

Hon. Mr. Lang: It was a poor process.

Hon. Mr. Smith: Whatever the cause, it was not a success. The fact is that we cannot blame the lack of U.S. capital for creating that problem for Nova Scotians. It was lack of local knowledge on the part of the people concerned which caused that failure.

The effects of investment in my own province comprise a mixed bag, at which I sometimes look with some amusement. In the 1920s, when I first began to think about buying life insurance, a Maritime-based life insurance company was organized and financed by Maritimers. It was called the Maritime Life Insurance Company, and proved to be a great success. Several years ago a large American insurance company, the John Hancock Company, made an attractive offer which the shareholders could not refuse. The total amount of United States capital involved must have been substantial. I do not recall the figure, but I ask myself the question: What direct or indirect benefit comes to Nova Scotia or to Canadians from this kind of investment.

When the Government of Nova Scotia was asked to pass legislation to make such a takeover legally possible, statements were made about the greatly increased source of capital for investment which would flow into Nova Scotia from the parent company, the John Hancock Insurance Company. Such evidence has not yet come to the attention of the public.

Having mentioned the warm welcome given to United States capital in the case of the takeover of the Maritime Life Insurance Company, I would point out in contrast that at about the same time the Government of Nova Scotia was busy passing legislation which prevented the Bell Telephone Company from voting their majority ownership of shares of the Maritime Telephone and Telegraph Company. Thus, "Upper Canadians" were denied the right of effective control and management of that telephone company, the shares of which had already been purchased on the market. One is justified in asking whether Bostonians were regarded more favourably than "Upper Canadians".

It is fair to say that in general Nova Scotians approved the action taken in both these instances. There was strong editorial support in the local newspaper, and no one seemed to be too concerned about it at the time this business was being transacted.

Here we have the people of the province trying their best to do United States interest a favour in connection with something which one doubts will be of real benefit to us, while on the other hand denying someone who is a Canadian from coming into the province and extending his technical skills and financing ability to improve and operate a modern telephone system. I know nothing about the merits of whether a telephone company could be better operated with Maritimers as engineers or as part of management, or whether Bell Telephone would pro-

vide better skills. In any event I was glad to sell my few shares of Maritime Telephone and Telegraph to the Bell Telephone.

Summarizing the situation, it seems to be the experience of Nova Scotia that capital requirements are supplied from both national and international sources, and we have not been dependent on and are therefore not unduly influenced by United States capital at this point in time.

Honourable senators, I wish to refer to the recent mission of Premier Regan and members of his government to the United Kingdom and continental Europe, which was immediately followed by a visit to New York and Boston. The visit seemed to indicate that what I have been saying could be regarded as valid. In other words, the present administration, possibly like its predecessor, feels that the House of Rothschild is on a par with the House of Morgan as a source of capital, whether it is for the development of Fundy tidal power or any other industrial development. Therefore, I must conclude that Nova Scotians are neither anti-American nor pro-American when it comes to accepting capital to finance projects which will create jobs for their growing labour force. It is understandable, however, that other regions of Canada, according to how they judge the effects of past experience, may have different views concerning future investment of U.S. capital in Canada. They have asserted that they see the effects of the United States media on the development of a distinctly Canadian culture and Canadian attitudes and, some say, adverse political effects.

Living in the heartland of Canada, as do most Canadians, it is understandable that prominent people such as Eddy Goodman, Walter Gordon, Jack McClelland, as well as our colleague, Senator Davey, are aware of these dangers. I suppose they and thousands of others are now raising what to them are important questions. One of them is: Shall United States equity investment remain as open as it is or, in time, shall it be more selective and thereby more responsive to Canadian needs? In the resource development field they are asking the question: Shall United States investment only have concern for filling United States needs at the lowest price consistent with a tax system that permits large capital accumulation, or should we have a different approach to this type of development investment? Should Canadians in the future insist on a more paced development of resources judged to be surplus to anticipated Canadian needs, coupled with more emphasis on investment in labour-intensive processing and manufacturing industries?

Canadians in the future may well consider that there are better ways to attain their own social goals through creation of jobs for the growing Canadian labour force than to continue to rush pell-mell, like lemmings, wherever the United States dollar sign is hanging out.

Honourable senators, I ask these questions and then say that I have not yet joined the committee for an independent Canada. However, it should be evident that the subject-matter interests me, as I hope the general subject interests many Canadians everywhere.

On motion of Hon. Mr. Lang, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 10, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANADA DEVELOPMENT CORPORATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-219, to establish the Canada Development Corporation.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

Hon. Mr. McDonald: Honourable senators, I wonder if we might have consent of the house to move Bill C-219 to the top of the Order Paper for Tuesday next?

The Hon. the Speaker: Is it agreed that Bill C-219 be the first item on the Order Paper for Tuesday next?

Hon. Senators: Agreed.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on the administration of Allowances for Blind Persons in Canada for the fiscal year ended March 31, 1970, pursuant to section 12 of the Blind Persons Act, chapter 17, R.S.C., 1952.

Report on the administration of Allowances for Disabled Persons in Canada for the fiscal year ended March 31, 1970, pursuant to section 12 of the Disabled Persons Act, chapter 55, Statutes of Canada, 1953-54.

Report on the administration of Old Age Assistance in Canada for the fiscal year ended March 31, 1970, pursuant to section 12 of the Old Age Assistance Act, chapter 199, R.S.C., 1952.

Report of The Seaway International Bridge Corporation, Ltd., including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1970, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

PRIVATE BILL

UNITED BANK OF CANADA—FIRST READING

Hon. Hédard Robichaud presented Bill S-22, to incorporate United Bank of Canada.

Bill read first time.

Hon. Mr. Robichaud moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. John J. Connolly, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-242, to amend the Senate and House of Commons Act, the Members of Parliament Retiring Allowances Act and an act to make provision for the retirement of members of the Senate, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Martin: Honourable senators, with leave, and notwithstanding Rule 45(1)(b), I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

GOVERNMENT ORGANIZATION BILL

REPORT OF COMMITTEE

Hon. John J. Connolly, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-207, respecting the organization of the Government of Canada and matters related or incidental thereto, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Connolly (Ottawa West): Honourable senators, I would suggest that, with unanimous consent, we consider third reading now, because there is a prospect of Royal Assent.

Hon. Mr. Phillips: Mr. Speaker, next sitting. I am sorry, I thought it was the organization bill.

The Hon. the Speaker: Perhaps the honourable senator would not mind waiting until Senator Connolly (Ottawa West) has completed his motion, because I usually ask if leave is granted before putting the question. Has the honourable Senator Connolly something to add?

Hon. Mr. Connolly (Ottawa West): No, Mr. Speaker.

The Hon. the Speaker: Has the honourable Senator Connolly leave to proceed with his motion?

Hon. Senators: Agreed.

Hon. Mr. Connolly (Ottawa West): Honourable senators, with leave, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
Ottawa

10 June 1971

Sir,

I have the honour to inform you that the Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, June 10 at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED

Hon. Douglas Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report of the committee, to which was referred the Estimates laid before Parliament for the fiscal year ending March 31, 1972.

(The report was read by the Clerk Assistant as follows:)

The Standing Senate Committee on National Finance, to which was referred the Estimates laid before Parliament for the fiscal year ending March 31, 1972, has in obedience to the order of reference of Tuesday, 9th March, 1971, examined the said Estimates and reports as follows:

1. Your committee was authorized by the Senate, as recorded in the *Minutes of the Proceedings of the Senate* of 9th March, 1971, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1972 in advance of the bills based upon the said Estimates reaching the Senate."

2. In obedience to the foregoing, your committee held one meeting on the Estimates and heard evidence from Mr. G. Osbaldeston, Deputy Secretary, Programs Branch, Treasury Board, and Mr. B.A. MacDonald, Director General, Budget Co-ordination, Treasury Board.

3. The Main Estimates for 1971-72 amount to $14,352 million as compared with 1970-71 when the amount was $13,438 million. Of the total of the Main Estimates for 1971-72, $7,091 million are statutory in nature while $7,261 million represent funds for which Parliament is being asked to provide authority. In addition to these amounts, there are $988 million of non-budgetary items.

4. Those departments which account for the largest percentage of the increase in the Estimates are National Health and Welfare, $256 million; Regional Economic Expansion, $62 million; Secretary of State, $109 million and Department of Transport, $46 million.

5. Your committee examined the operation and increasing efficiency of the program, planning and budgeting method and was especially interested in the possible use of this method as a means of assessing the effect of federal programs on the general stabilization policy of the Government. Your committee was also interest in the attention that was focused by the Treasury Board on the efficiency of existing programs as compared to new programs. Your committee was assured by the officials of the Treasury Board that as new expenditures are required for old programs the program is reassessed. However, your committee is of the opinion that the assessment of existing programs under the program, planning and budgeting method should be enhanced.

6. Your committee undertook specific examination of the bilingualism development program and requested further materials on this program from the Treasury Board, and these materials, when received, will be tabled with the committee. Your committee also examined the Regional Economic Expansion program and made a note to further examine this program at a later date in order to determine the method by which grant programs are budgeted by both the Department and the Treasury Board. It is felt by the committee that a comparison of the budgeting method used in grants programs with the actual expenditures in the case of this department would be useful.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Everett moved that the report be taken into consideration at the next sitting.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. A. Hamilton McDonald, with leave of the Senate and notwithstanding Rule 45(1)(a) moved:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting

on Wednesday, June 16, 1971, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, June 15, 1971, at 8 o'clock in the evening.

Motion agreed to.

OIL INDUSTRY

PRICE INCREASES—QUESTION

Hon. Thérèse Casgrain: Honourable senators, I would like to put a question to the Leader of the Government in the Senate:

> Does the Government intend to apply any kind of sanction to those oil companies who raised their prices during the year 1970?

In the last week or so it was learned throughout Canada that there were increases. The mass media carried that information.

The Prices and Incomes Commission issued a document, dated June 4, 1971, on "Prices of Oil Refinery Products." The foreword to that statement says that at the National Conference on Price Stability held in Ottawa on February 9-10, 1970, there was broad agreement that business firms generally, if called upon to do so, would reduce the number and size of price increases. The foreword also says that a federal-provincial conference held in Ottawa about the same time accepted this kind of agreement.

It was a surprise to the Canadian public to learn about ten days ago that some of the oil companies had raised their prices during 1970, despite the agreement they had accepted. I should like to know, therefore, if the Canadian Government intends to take any action on this important question of the raising of prices in the oil industry.

Hon. Paul Martin: Senator Casgrain was kind enough to give me notice of her intention to ask this question dealing with an alleged violation of an agreement to restrain prices as stated by Mr. Young of the Prices and Incomes Commission in 1970. The Minister of Consumer and Corporate Affairs has already answered this question by pointing out the difficulty of deciding on policy when only a limited number of violations are involved. He said at the time that there was nothing more he could add, and obviously if that is the case, that is the position I, too, find myself in at the moment.

Hon. L. P. Beaubien: Honourable senators, I should like to point out that the agreement the oil companies entered into was that they would not raise their prices any more than their costs. They raised their prices in anticipation of a certain volume of business, which, of course, would affect their costs. Owing to the terribly severe winter there was a much larger volume of business for the oil companies than they had anticipated and, therefore, it looked as if their prices had been set deliberately too high.

I think the oil companies did set their prices in a perfectly reasonable manner, expecting a certain volume of business, but when they got a larger volume the result was that their profits were comparatively higher.

The Hon. the Speaker: Do I understand that Senator Beaubien is asking a supplementary question to Senator Casgrain's question?

Hon. Mr. Beaubien: It is just a comment.

The Hon. the Speaker: Would you put your question to the Leader of the Government, please.

Hon. Mr. Flynn: With leave.

Hon. Mr. Beaubien: I have finished, with leave. I have nothing more to say.

Hon. Mrs. Casgrain: May I ask the honourable Leader of the Government a further question? If Senator Beaubien's remarks are made in the sense that it was the fault of the severe winter, does that mean that Providence is on the side of the oil companies?

Hon. Mr. Argue: Perhaps they will reduce their prices next winter.

Hon. Mr. Martin: I am sure Senator Beaubien will take good notice of your question.

Hon. Mr. Beaubien: Le bon Dieu is on the side of the oil companies.

AIR CANADA

MOTION TO REFER ANNUAL REPORT TO NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, June 8, the adjourned debate on the motion of Hon. Mr. Cameron that the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.

Hon. A. Hamilton McDonald: Honourable senators, I had intended to stand this order, which is in my name. However, I understand that Senator Argue is prepared to speak on the subject this afternoon, and I am quite happy to give him that opportunity.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Argue speak now?

Hon. Senators: Agreed.

Hon. Hazen Argue: Honourable senators, this is one of those occasions when I am speaking against my better judgment.

Hon. Mr. Martin: And the end result is likely to be that you will make your best speech.

Hon. Mr. Argue: But I am doing it as a service, I hope, because I have one or two points I would like to make.

Senator Cameron made a very learned speech on the subject of Air Canada. He obviously has done a great deal of research in this field. He raised a number of questions, and some of the points he raised I agree with while there are others with which I disagree. According to the press, Senator Cameron is reported as having objected strenuously to the type of meals served on Air Canada flights. Well, I have made a great number of flights over the years, mainly at somebody else's expense, and I do not have any serious criticism to make of the meals served by Air Canada. Like Senator Cameron, I was wondering whether or not chicken was appearing a little too often on the menu, but then I realized that the chicken-and-egg war was going on, as a result of which there was a large surplus of chickens in Quebec, and Air Canada was doing something worthwhile in the interests of Canada by promoting chicken. I do not know whether Senator Cameron's objection had some effect on the menu prepared by Air Canada, but last Sunday and Monday, filet mignon appeared on the menu. Apparently if there was not a run on chicken, then there was a run on beef. In any event, my main concern with Air Canada's meals is that I eat too much, and if I happen to have taken off two or three pounds and then I find I have a number of flights to make, I am afraid I may put it back on.

Senator Cameron expressed serious dissatisfaction about Air Canada's flying late. From his speech I would take it that in his experience their flights are almost always late, in fact, almost always later than their own definition of late which is anything in excess of 15 minutes. However, my own experience is that Air Canada is nearly always on time; its service takes off nearly always on time—perhaps five or ten minutes late—but then frequently it has to sit out on a runway while other aircraft are taking off or landing. In this situation an aircraft has to take its turn. So surely, honourable senators, if our airports are congested we need better airport facilities. If an Air Canada flight is held up because of the traffic flow, surely the criticism should not be directed at the airline itself but rather at the facilities provided by our airports. My experience has been that when Air Canada has had a serious flight delay it has been for a very good reason. The weather has probably played a part, and often mechanical difficulties have played a part.

I was in Winnipeg this winter when a flight to Regina was delayed by one hour. On that occasion the pilot took the passengers into his confidence and explained in rather technical terms—they were rather technical for me at any rate—that there was trouble with the generators and they had to do some welding and make some repairs. I thought I was back on the farm with some broken-down piece of equipment that needed some welding to put it in working order again. Anyway, he entertained us well while we were waiting, and all the while a blizzard was blowing outside. Eventually they repaired the plane and we took off and landed safely in Regina. So, far be it from me to say that Air Canada is being run in an inefficient manner, that its flights are always late or that this great airline does not understand its business.

Hon. Mr. Choquette: I gather it was nothing that hay wire could not repair.

Hon Mr. Argue: That's all right with me, but it has an excellent safety record, and I should think that that safety record indicates that Air Canada must take a reasonable amount of care under such circumstances.

Last Monday night I arrived at Uplands Airport at 9.50 on a flight from Winnipeg. We had come through a violent electrical storm. It lasted for about half an hour, and it was the roughest flight I have ever been on. Passengers were sick, baggage was falling all over the place, and in my opinion the crew themselves were terrified. Nevertheless, the plane landed quite safely. The only criticism I have is that I would have preferred had the plane landed at Fort William or Thunder Bay so that we could have got out and walked. I can assure you I would have been much happier on the ground than I was in the air on that occasion. What amazed me was that on arriving at Uplands Airport we found that planes were still taking off and landing despite this very severe electrical storm. I do not criticize the airlines for this, because I realize they must know what they are doing. But I was certainly wondering at that time whether they were taking the kind of precautions that should be taken in such circumstances.

Honourable senators, I have one suggestion to make in connection with the subject to which I am addressing myself. I think that Air Canada and CP Air and the other airline companies in Canada should give serious consideration to reducing domestic fares under certain circumstances, and in particular to providing charter flights at reduced rates for travel within Canada. Air Canada is making a big issue about international air rates which it would like to see lowered so that it could compete with international air charters. It is rather strange, I think, that when Canadians are considering a holiday, it is cheaper for them to fly overseas than to fly between certain points in Canada. For example, a ticket from Toronto to Vancouver costs $266 while a ticket on a charter flight to Britain or the continent frequently costs $200 or less. It seems to me that the attitude of our airlines in promoting lower charter fares on international flights really has the effect of sabotaging an increase in the tourist traffic within our own country. I would think it would be not only a patriotic gesture but also good economics for Air Canada and CP Air and other Canadian airlines to give serious consideration to introducing lower fares for flights within Canada and to providing domestic charter flights to promote increased travel by Canadians within Canada. However, the reverse seems to be the case. There is now an increased charge for stopovers. The cost of an air ticket from here to Saskatoon is $98, but if one stops over in Winnipeg it is $110.

The huge cities in Canada which have air flights between them receive, in my judgment, a bonus, while flights between smaller cities, between the capitals of our provinces, have been penalized by this new increase in rates which places a penalty on stopover flights.

The Government, when considering action to encourage unity in this country, should consider action to increase travel within Canada. A way of achieving this would be to provide lower-priced charter flights, remove the penalty applying to stopover flights, and to do everything it can to make it as attractive as possible for Canadians to see their own country.

In March I made a speech in the Senate in which I criticized the Saskatchewan Association of Rural Municipalities for having taken the stand that there should be one language in Canada, that it should be English, and that use of the English language should be promoted even in the Province of Quebec. I believe that they made a mistake, and I said so in this chamber. I have since received some words of commendation and others of criticism.

I would like to see rates for chartered flights that would encourage officials of organizations such as the Saskatchewan Association of Rural Municipalities to travel across Canada and visit the various provinces. I can think of nothing that would assist national unity more than to enable Canadians who live outside Quebec to visit that province, and for Quebecers to visit the other provinces.

Yet Air Canada, a crown corporation, an instrument of the federal Government, is a prime offender in doing everything possible, for economic reasons, to promote cheap fares for those leaving the country and to set fares which are prohibitive to the many Canadians who wish to take their holidays in this country.

The railroads are equal offenders. They do nothing that I know of to promote group tourist traffic across this country. They, too, should get into the business of encouraging Canadians to see their own country. Both the railroads and the airlines could promote tours to provincial capitals as well as to the federal capital. They would find an overwhelming and surprising response to this promotion.

I refer now to our young people who travel on the highways. Some federal money is being used to provide minimum sleeping accommodation for these young people who, I believe, are doing the right thing. They are out to see their own country. Whether or not we agree with their way of life or with what they are doing, they love this country and have set out to see it and are proud of what they see. They may have some criticism, but they also have increased pride in their country. On the other hand, the first thing that older people think of when planning a holiday is to go abroad, and they are encouraged to do so by reduced fares on international charter flights.

This is something that might be considered when we are looking at the votes and expenditures of Air Canada, and the sort of suggestion that I have made could be followed with considerable advantage.

Rules governing chartered flights in Canada should be relaxed to encourage chartered flights at a reduced rate. Such rules should be separate from those that apply on international flights. There should be incentive air fares competitive as far as possible with those of overseas chartered flights.

I would also like to see more Canadian package tours, flights which would include not only the cost of the air ticket but also on occasion hotel accommodation and meals, a tourist package that would be attractive to Canadians.

Stimulation should be given to the building of motels and hotels wherever they are required, a stimulation which might flow from successful tourist promotion. I have no doubt in my own mind that if such tourist promotion took place, the provision of adequate accommodation would follow within a reasonable length of time.

It seems to me that provinces should get together to standardize their liquor and dining laws so that Canadians who travel from one province to another will not be confused, will not find on a given day one place "dry" and another "wet".

Honourable senators, it is the responsibility not only of Air Canada, the transportation services, and the federal Government, but also the provinces, cities, chambers of commerce, and all Canadians who want to see their country more closely knit, to encourage their fellow-Canadians to see their own country. This would not only be a good thing for Canada, but the results would show favourably on the balance sheet of Air Canada.

On motion of Hon. Mr. Robichaud, for Hon. Mr. Hastings, debate adjourned.

Hon. Mr. McDonald: Honourable senators, I move that we now adjourn during pleasure until 5.40 p.m.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting the packaging, labelling, sale, importation and advertising of prepackaged and certain other products.

An Act respecting the consolidation of the Income Tax Act in the printed Roll of the Revised Statutes of Canada, 1970.

An Act to implement a Supplementary Income Tax Convention between Canada and Finland.

An Act to amend the Prime Minister's Residence Act.

An Act respecting the organization of the Government of Canada and matters related or incidental thereto.

An Act to amend the Senate and House of Commons Act, the Members of Parliament Retiring Allowances Act, and An Act to make provision for the retirement of members of the Senate.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 15, at 8 p.m.

THE SENATE

Tuesday, June 15, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Barnett has been substituted for that of Mr. Saltsman on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

UNEMPLOYMENT INSURANCE BILL, 1971

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-229, respecting unemployment insurance in Canada.

Bill read first time.

Hon. Leopold Langlois moved, with leave, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Statutory Orders and Regulations published in the *Canada Gazette* Part II, of Wednesday, June 9, 1971, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952.

Report on the operation of the Regional Development Incentives Act and on "Special Area" incentives for the month of May 1971, pursuant to section 16 of the said Act, chapter 56, Statutes of Canada, 1968-69.

Copies of Agreements between the Government of Canada and the Provinces of New Brunswick, Newfoundland, Nova Scotia, Manitoba, Quebec and Saskatchewan under the Agricultural and Rural Development Act (ARDA), chapter 30, Statutes of Canada, 1960-61, as amended 1966-67.

Report on the administration of the Canada Students Loans Act for the loan year ended June 30, 1970, pursuant to section 18 of the said Act, chapter 24, Statutes of Canada, 1964-65.

Report of the Department of Labour for the fiscal year ended March 31, 1970.

Copies of communiqué issued following the Ministerial Session of the North Atlantic Council, held in Lisbon, June 3-4, 1971.

Copies of communiqué issued following the meeting of the Ministerial Council of the Organization for Economic Co-operation and Development, held in Paris, June 7-8, 1971.

Report of operations under the Coal Production Assistance Act for the fiscal year ended March 31, 1971, pursuant to section 9 of the said Act, chapter 173, R.S.C., 1952, as amended 1959.

Copies of communiqué issued following the Canada-United States Ministerial Meeting on Great Lakes Pollution, held at Washington, D.C., June 10, 1971, together with statement thereon by the Minister of Fisheries and Forestry. (English text).

HON. PAUL MARTIN, P.C.

DELEGATE TO FEDERAL-PROVINCIAL CONFERENCE IN VICTORIA, B.C.

Hon. Leopold Langlois: Honourable senators, before the Orders of the Day are called I would like to draw the attention of the Senate to the fact that our leader is in Victoria as a delegate to the Federal-Provincial Conference. This explains his absence from the chamber tonight. I am sure we are all proud that the leader is participating in such an important conference, and we wish him well.

CANADA DEVELOPMENT CORPORATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill C-219, to establish the Canada Development Corporation.

He said: Honourable senators, this bill incorporates and is the charter of a corporation to be known as the Canada Development Corporation. It is not a new name to any person in this Senate, and I would say there are few members of the public who in some way or another have not heard, either in fair terms or in bad, of discussion on the purpose of this Canada Development Corporation, because in various ways it has been a subject matter over the last eight years. Indeed, it moved so far ahead that I believe some years ago it was included in some form of reference in the Speech from the Throne.

During that period of time, of course, many organizations, having different objectives, have considered this proposed Canada Development Corporation, and have adopted it, or almost adopted it, and then suddenly turned away from it. I know those who so strongly

promote the doctrine of economic nationalism at first welcomed this vehicle as affording an opportunity for repatriation of much of what they called "Canada's heritage" that had got into foreign hands. I think later it was recognized that this was not a suitable vehicle for this purpose, and would not lend itself to it at all, having regard to how the formulation of the plans was proceeding.

May I tell you just briefly and in a general way the purpose of this corporation, before I underline some of its provisions. As I said at the beginning, this bill is the charter of the Canada Development Corporation in the same fashion as the Bank Act is the charter of each and every one of the chartered banks. Therefore, whithin this statute one must find the authority and jurisdiction for whatever it is proposed that this corporation shall do. It will either be spelled out specifically, or you will find it by reference, adopting various provisions of other existing statutes. I am thinking particularly of various provisions of the Canada Corporations Act.

In this sense it will be found that it is a statutary corporation, that there is spelled out in some detail the objectives, the method of operation and all the other details that go with the creation of a viable corporation supposed to carry on the business specified in its objectives.

May I summarize the purpose in my own words? The purpose of the bill is to provide a pool of money for development in Canada of Canadian resources, without limitation in any specific direction, but including in some way the resource industry. The scheme of organization is that the pool of money ultimately would be very substantial. It may be one of the outstanding pools in size, if, as and when the objectives are achieved.

The Crown, the Government of Canada, in the first instance will be the contributor. The capital is to consist of 200 million common shares without nominal or par value, and preferred shares of $1 billion divided into an appropriate number of preferred shares having a range of par value from $5 to any multiple of $5 and up to $1,000 a share. There will be provision for issuing those preferred shares in series with various designations, some of these series carrying voting power in certain circumstances, others being non-voting.

The proposal is that the Government of Canada would subscribe in all for not more than $250 million in shares, which would be roughly 50 million of no par value common shares. In addition, there would be authority for the Government of Canada to advance up to but not in excess of $100 million by way of loans, so that not more than $100 million would be outstanding at any particular time. These advances could occur only after the completion of the share subscriptions by the Government.

One of the main purposes sought to be accomplished in this bill is that at no time will there be any opportunity for any group to obtain control. Obviously, in the beginning the share control will be entirely in the hands of the Government of Canada. When the corporation gets its house in order in connection with the ventures on which it is going to embark and is able to present a viable structure, such as might be attractive to the general public and as a result of which the general public might be invited to participate, ultimately, by means of the machinery in the bill, the holdings of the Government of Canada will be able to be reduced. Those holdings must never go below 10 per cent of the issued and outstanding voting shares of the corporation.

Another limiting provision is that no shareholder may purchase and own and hold an amount of voting shares greater than 3 per cent of the issued and outstanding voting shares of the corporation.

Later I will explain the machinery by way of redemption in which it is expected that, as the plans mature and this corporation does develop into the kind of corporation that is envisaged at this time, the Government holdings will abate, although they will never go down below the 10 per cent.

Having given that as the broad outline, I should add that initially the directors will be 18 in number. The company becomes incorporated on an application by 18 persons, who are designated by the Governor in Council, and any others who may thereafter become identified with the corporation as the Canada Development Corporation. Ultimately, it is expected that the number of directors will be 21.

When the permanent board is elected and the Government's shareholding in the corporation is of the order that I have described—and in fact at that time the Government of Canada will be its only shareholder—the Minister of Finance will have the choice either of designating four directors, who will then become directors of this corporation, or of taking his chances and voting his shares to select a board that is suitable to him.

So long as the Government holds in excess of 50 per cent of the voting shares, the Deputy Minister of Finance and the Deputy Minister of Industry, Trade and Commerce will become *ex officio* members of the board, but they will have no vote and they will be entitled to no remuneration. When the percentage holding of the Government in the voting shares of this corporation drops below 50 per cent, of course, their qualification disappears.

Honourable senators, this is a complex subject. I want to be sure that I give all the proper background, and I am sure you will bear with me if I take a moment or two to do so. I think I can say that this bill incorporates for the first time the principle of providing financing for the development of Canadian industry and for resource development in the terms of the objects set out in the bill other than through simple provision of money and guarantees by the Government of Canada.

Some here will remember a few years ago we dealt with legislation setting up a corporation called the Cape Breton Development Corporation. Under this legislation the Minister of Finance had considerable discretion in the way of direction and the provision of moneys and the giving of guarantees in connection with the financing of projects in the Maritime area, and particularly Cape Breton—I think I am right in that, Senator Macdonald—that would be in the best interests of regional develop-

ment in that area. This resulted solely from the action of the Government. It is one case I know of where the Government gave certain guarantees as a result of which moneys were raised and used for the development or the expansion of such a project. Actually the Government was not called upon to provide any money itself. The guarantee was good enough to produce the credit, and the operation was feasible and viable enough to be able to take care of the servicing obligations and operate at a substantial profit.

This is a method of financing where the general public was not offered any opportunity for participation. There are a number of these projects across Canada that you can examine, and one that comes readily to mind is the Panarctic Oils operation which is mentioned in clause 39 of this bill as being one of the companies that may be sold by the Government of Canada; that is to say, the Government interest may be sold to the Canada Development Corporation. Panarctic Oils is a consortium of about 20 groupings, including major oil companies, but the Government of Canada holds a 45 per cent interest. This is a risk venture. I think it has now moved far enough that they are satisfied there is oil. I would expect that considerable work has yet to be done in extending and establishing such capacities that will justify development and movement of this oil to the market on a practicable basis.

This introduces another matter. This method would not involve any participation by the public. I could enumerate other situations in relation to some particular operation, perhaps the development of a utility where the Government has moved in and provided money for that purpose.

I do not know whether I am being a little theoretical in my thinking, but I have the feeling that when the Government of Canada embarks on enterprises of this kind, which are intended to promote and develop the economy and Canada's national interest, which are the motives expressed in the bill, it should participate in the equity of the operation.

We know that it is common procedure nowadays in financing that where money is provided by way of loan to develop a viable enterprise, the lender usually requires that there be some equity granted as a premium in addition to the service charge which the lender receives for the use of his money. I see no reason why, if that is the prevailing way of doing business in the market place, that should not be done by the Government when it is embarking on such enterprises which are in the national interest. They develop the economy of the country, and some portion of the rewards in the form of equity interest should be available whether the money is provided by the Government, individuals or banks.

Having laid the background, the next thing in our consideration of the bill is to provide for public participation. This is a worthwhile objective. The big problem, of course, is when will the development by the Canada Development Corporation be advanced to such a stage that it can attract public investment?

May I say that I favour the bill, not because I can say it will inevitably be successful but because it is a step in a direction that could very well be successful, dependent on proper management, direction, ability and know-how. The effect, if it is successful, would be to improve the economic growth of Canada, which is certainly something we need. There is opportunity here to accomplish that.

When, as a practical matter, can we look forward and say, "Now is the time when public participation should be attracted?" All we have to do is look at the set-up, which is that we will have $250 million of which the minister says $100 million will be contributed the first year and $75 million each of the following two years. In addition, we have the lending power which authorizes, following that period, loans up to $100 million.

As long as we have a major shareholder such as the Government of Canada participating financially almost to the exclusion of any other interest, we will not, in my view, develop something that will immediately be attractive to the investing public. The minister himself recognized that point in one of his recent statements—I believe during second reading—when he said:

> But, I would expect that the corporation would, for a variety of reasons, make investments with a wide range of risks. I would also expect that the price of CDC shares would fluctuate in the market reflecting the success of the investment policies of the corporation and the prevailing general economic environment. It will be important for share purchasers in the CDC as in other Canadian corporations to understand this risk.

Then comes this pertinent phrase:

> I do not anticipate that CDC shares will be offered to the public until the corporation has an operating record on which the public can judge it.

That is a fair, factual statement, because in the picture which I have outlined of this tremendous financial participation by the Government, there is nothing left until the corporation develops and creates its own attractiveness to invite public participation. Therefore, the portion of the bill which features public participation is one that will not, in my view, have any immediate effect. If I were asked, as an amateur, to estimate what the period might be, I would say that, barring some tremendous discovery so accessible that the time lag between discovery and production and earning is very short—and such discoveries have great glamour—it might well be in the range of from five to ten years before a viable structure could be produced which would be attractive to the general public. Some may say that is a long time to wait, but many people have waited much longer for things which turned out to be worth while. Let us remember that this corporation will have money to work with during that period. It will have the opportunity to become educated in the field in which it is operating, and if it adheres to the objectives and purposes which are stated, and which therefore are statutory and must be adhered to, the development must be in the national interest and must have the objective of profitability.

Between being aimed at the national interest and being aimed at profitability—and I realize that there is quite a

gap, and nobody can underwrite that—with intelligent application I would expect that the point at which investments might be entered upon might be where progress related to production and earnings would be faster. Corporations going into the hinterlands of Canada where the major strikes and developments have been taking place in the resource industry have to carve out an area, supply power, build roads, schools and residences, and there is a long period before the stage of production is reached. However, there are developments which move along at that rate until they reach a point where they are about ready, with all their feasibility studies, et cetera, to go into the construction of mill capacity or other machine capacity, and at that time they need money. Certainly at that time the feasibility is more apparent. The studies then are likely to be more accurate, and I speak with some knowledge and experience on that subject, having gone through the whole uranium development in Ontario. I saw how this moved along from the stage of discovery, the stage of proving up, establishing the extent of area and probable quantities of the mineral. Then the question of chemistry arose, and what must be done to extract the uranium ore and what amount of money would be required. It was an entirely new ball game at that time and it was just as though no money had been spent up to that point. Here you were presented with the fruits of the discoveries and the quantities, within pretty accurate estimates, and the chemical content with which you had to deal. Then you had the figures of costs, which were fantastic, in order to bring this particular project into successful operation. As happened there, financing groups came in at that time and took over from those who had gone as far as they could but were unable to find the necessary financing for the next stage.

This is one way in which a corporation of this kind, with unlimited funds, might face up to a situation in the national interest and move in with a degree of profitability. Certainly the time lag between that stage and the stage of production and earnings would not be so great, and in that development, in building up that base for earnings, you would be building up against the day when the public might with some assurance be approached to subscribe for shares of this operation.

This is the theory behind this corporation. Certainly as long as the Government provides the major part of the financing it will in many of its aspects compare with what the Government has been doing to date in various fields of operation. But, in the course of doing it, it may well produce more in the way of earnings and attractiveness or enhanced value.

So, I say that even though this is, as I see it, a two-stage operation, we are sure of the first stage. We know that we will have so much money over a period of years. It is a difficult thing to spend in the national interest and with a degree of profitability, say, $250 million, and if you have reputable, responsible and knowledgeable people in charge of the operation, they are going to proceed very carefully. But they must have some sense of daring, or this program will not ultimately generate the interest required to attract the public to it. There is a speculative glamour that is essential to bringing the public into an operation of this kind.

I hope you do not regard this as a lecture in the field of economic development in Canada. I am simply discussing the subject in the light of my own experience and what appears to be the objective of the bill. The minister has said that this corporation will look to the future and not to the past. I am very happy about that, because I would not wish to support an operation of this type if its efforts, energy and money were to be devoted exclusively to the repatriation of Canadian operations presently owned by non-residents. I think Canada does benefit from those operations.

This corporation will provide a facility for creating other operations, similar in nature, in other areas. There is where that money should go, instead of bailing out people who have spent their money, who have improved the value of their operation. We should make our own developments, reap our own gain, make our own profits and keep them.

However, there is another practical side to it. It may be very interesting for representatives of the Canada Development Corporation to go around saying they have $250 million to buy this or that but if the non-resident who controls an operation in Canada is not interested in selling, there is no way you can make a deal, because there is no compulsion in this operation, and wisely so.

There, in a nutshell, is the concept. I could refer you to many of the statements made by the minister. As you would expect, this project has developed quite a head of steam and has produced a considerable amount of news releases and even, I would say, flowery language. But, if the enthusiasm does get into words and phrases of that kind, let us hope that it will be brought to bear on the most important aspect, which is the establishment and equipping of the corporation with the ability, genius and experience needed to handle such a project.

I am one who believes that there are Canadians who have the capacity and ability to do this job. Perhaps we do not recognize many of them. This may create such an opportunity, but if we do not have good men, men who are at the top of their professions in technology and know-how, whether it is industrial or otherwise, this thing is not going to succeed.

I should also tell you that there is power for this corporation to engage any part of its money in investments in going concerns. This requires very careful judgment. It is not intended, so the minister has said in his news releases, that the corporation would directly go in and assert a control position in cases where it acquires substantial financial interest in operating companies. That is wise, because the very reason the corporation would wish to buy a substantial interest in such an operation would be because it is successful or has greater opportunities for the future with more money and expansion. I expect they would have enough sense and judgment to know that if it is doing so well they should just let it continue in that direction. To the extent that here

is information, knowledge or ability, they could assist, to be sure, but would not interrupt where there is a steady flow of genius in operation.

Having said that, which is more than I intended to say on this aspect when I started, I should tell you something about some of the provisions of the bill. I can tell you that mainly the design of the bill is to prevent the acquisition of control by any interests, and the shareholders are limited to Canadian citizens and residents of Canada, and Canadian citizens are eligible to be shareholders whether they reside in Canada or not. The directors must be Canadian citizens. This is an attempt to make it an all-Canadian enterprise. I had always felt that money had no nationality, that it spoke just its own language which was universal. Here there is no objection to non-residents subscribing for shares, but their subscription will have to be for non-voting preferred shares; that is the only type of security in which they can invest.

This may be far in the future, and my crystal ball may not see that far. Senator Beaubien's might see further, which causes him to think that it will be much further in the future before the corporation will achieve what it is intended to achieve. At least, it is a step in the right direction, and I am all for trying it. I believe the methods we have used so far to encourage economic growth have been all right in their own way and in their particular location, but they have been mainly regional in character, and I think it is now time to have a large base of operations, particularly when this seems to be the trend internationally. It is a trend we should follow, and this is a vehicle for that purpose. How successful it will be only time will tell.

I now turn to some of the provisions of the bill. There is a provision under which any person and an associate, or an incorporation, who acquires more than 3 per cent of the issued and outstanding voting shares of the corporation, can be required by the corporation to dispose of the excess. If he agrees to do so, that is fine, and the shares find their own market. If he does not agree to do so, then he is in contravention of the charter, and while he is in that position he cannot vote his shares and the corporation is in a position in which it can redeem them. However, there is no absolute obligation to redeem unless that situation has existed for 10 years, or there is some earlier period stipulated in the bylaws of the company to deal with that situation.

I should tell you, too, that there is provision for the redemption of common shares. In the Ontario Business Corporations Act there is now that provision. Certain protection is provided against the possibility of income tax being levied, because such redemption of common shares would be out of surplus, and certain sections of the Income Tax Act might provide for the application of income tax in relation to some part, and perhaps some significant part, of the price that was paid for the common shares at that time. An exception is made so that those provisions of the Income Tax Act do not apply. There is, of course, no provision concerning a capital gains tax, because we do not have a capital gains tax—although we may know very soon that there is one. As the bill now stands, while a person whose common shares are redeemed out of surplus may escape the application of provisions of the Income Tax Act, there is no assurance that he will not fall into the basket of capital gains tax if one comes along.

I also told you that there is provision for redemption or purchase for cancellation of shares of Her Majesty in the right of Canada in respect of the excess of those shares above 10 per cent.

I am just hitting the high spots here, because it is intended that this bill shall go to committee, and honourable senators will get all the detail they want there.

When preferred shares and common shares are redeemed or purchased for cancellation the paid up capital is, of course, reduced, but the authorized capital is not reduced. The bill provides that those shares can be reissued within that same capital structure.

I should also tell you that notwithstanding any alteration in the capital or the objectives of the company, which is approved by the required vote of shareholders and directors, an application must be made for letters patent to provide for that, and before letters patent can be issued a resolution of approval must be passed by each House of Parliament. It can be seen that this is another measure of control to prevent the character of this corporation from being altered at any time in the future by some person who might, by some method or other, get into a position where he could secure the necessary approval of the board of directors to do this. In other words, Parliament will have the last chance to say, "No, you must follow your original base". This is a step in the right direction, once you accept the principle that this is a statutory body and it must stay within the limits defined in the statute.

Moving on, I should tell you that two schedules are made part of this bill. They will, therefore, be part of the corporation's charter. They describe the method of arriving at the net asset value of the voting shares, and matters of that kind. These are complicated provisions, and I would not dare attempt to analyze them here tonight, otherwise the attendance might quickly get down to a bare quorum. When the bill is before the committee we shall have available a chartered accountant who has been working on it, and who will give a succinct explanation of these schedules.

I have deliberately passed over a number of provisions, such as those concerning borrowing, the powers of directors, transfer offices and that sort of thing, because this is what is usually expected in the formation of a corporation. While there are a few features of this corporation that are a little different, in the main they run the same course. For instance, if shares are presented for transfer, the company has the right to demand a declaration from the person presenting them that he is the beneficial owner, and that he is not associated with anybody else, before the transfer is made. This is necessary because if he is not the beneficial owner and he presents them, he is then in contravention of the act. While he sits with his shares, which the company may redeem, he cannot vote in respect of them, or he may have a combined holding that is in excess of 3 per cent of the issued and outstand-

ing voting shares, which again is in contravention of the act.

Honourable senators, having said all that, I should like to add that I have prepared a memorandum which analyzes all the provisions in relation to the redemption of shares. I do not propose to read it, but I wonder if the Senate would agree to having it included in my remarks at this point. It would be a very handy source of reference because I have gathered from various parts of the bill all the pertinent provisions in relation to the redemption of shares and purchase for cancellation.

The Hon. the Speaker: Honourable senators, is it agreed that this memorandum be added to the remarks of the honourable Senator Hayden?

Hon. Senators: Agreed.

(*The memorandum is as follows:*)

Various Provisions for Redemption of Preferred and Common Shares in Bill C-219:

1. By section 21, page 15, voting shares held in contravention of the charter may be redeemed for cancellation at the option of the company after 60 days' notice if no correcting action has been taken. What is included in the expression "shares held in contravention of the charter" will be found in section 34, pages 23 and 24.

If the contravention consists of the holding of voting shares by a shareholder and an associate of a number of shares in excess of 3 per cent of the issued and outstanding voting shares, then notice may be given by the company requiring the voting shares in excess of the 3 per cent mentioned above, to be disposed of within a period being not less than 60 days as may be set out in the notice. If no disposition has been made in accordance with the notice, the company may redeem the shares for cancellation at its sole option. However, on page 16, by subsection (4) of section 21, the shareholder and associates are required to dispose of the excess number of shares out of those last acquired. However, the shareholder and associates may, by agreement, notify the company that they are disposing of the number of shares constituting the excess, and this shall be sufficient compliance if done with the notice. Procedures are also provided generally in respect of the action by the company in the event that the shareholder does not act on the notice requiring disposition of excess holdings.

The price to be paid on the redemption of voting shares is as follows: in respect of the preferred shares, the par value thereof, in respect of common shares, the lesser of the issue price on the initial issue of shares of the company (see section 9 subsection (4), page 7, as to initial issue) and the closing sale price on a principal stock exchange on the business day preceding the notice of redemption. If no sale on that day, then the average of the closing asked and closing bid price on that business day; and if no bid price and no asked price quoted for that day, the last closing sale price on the exchange before that business day. This is really a case of compulsory redemption.

2. Preferred shares may be issued subject to redemption or purchase for cancellation out of capital or surplus—the price to be not more than the par value plus accrued and unpaid dividends, if any, and a premium of not more than 20 per cent of such par value. (See section 22, page 18.)

Common shares: The company may purchase for cancellation any such shares or fraction of its common shares out of surplus. A special resolution of the Board is required in order to carry out such redemption. (See page 23, re Income Tax Act)

3. Redemption Purchase and Re-Issue. See Section 25, pages 18 and 19. Shares of any class redeemed or purchased for cancellation or surrendered, upon being converted into or exchanged for other shares of the company, shall cease to be issued and outstanding, and the number of such issued and outstanding shares of that class and the paid up capital of the company shall be reduced accordingly. However, such shares remain part of the authorized capital and are restored to the status of unissued shares and may be re-issued by the company.

Re-issue of shares: Common shares re-issued as above shall rank pari passu with the common shares then issued and outstanding, and the amount of the paid-up capital shall be increased accordingly.

Preferred shares re-issued shall rank pari passu with preferred shares then issued and outstanding, subject to their issuance in one or more series, and at such designation, etc., as may be prescribed by bylaw under section 9, subsection (1)(b). Again, the amount of paid-up capital will be increased by such re-issue.

4. Federal Government participation and extent and condition of the holding of shares by Her Majesty in the Right of Canada: Her Majesty in the Right of Canada may purchase and hold shares of the company, but purchases in excess of 10 per cent of the total number of issued and outstanding voting shares are subject to conditions more particularly set out in section 36, at page 24, and more particularly subparagraphs (a), (b) and (c). Where the holding of issued and outstanding voting shares exceeds 10 per cent, the company may, at its sole option, redeem for cancellation the excess over 10 per cent, or an amount less than the total excess, at the net asset value of the shares redeemed. The net asset value is to be determined by the provisions contained in Schedule II to Bill C-219, starting at page 36, in sections 1 and 4 thereof.

Unless there is agreement between the company and the Minister of Finance, no shares of the company shall be purchased, owned or held by Her Majesty in the Right of Canada other than shares acquired by or on behalf of Her Majesty directly from the company by purchase, dividend or otherwise.

The price to be paid on the redemption of common shares acquired from the Government of Canada, by redemption as outlined above, shall not be less than the average price paid by the Government of Canada for those shares. This requirement, however, may be waived where the net asset value of the common shares is less than the average price paid by the Government and has been less than that value for a period of at least twelve months.

5. Disposal of shares acquired by the Government of Canada under section 35, subsection (1)(b), representing the unsubscribed shares not disposed of in any underwriting, may be disposed of by the Government of Canada in accordance with the provisions of the agreement of purchase of the unsubscribed shares.

Hon. Mr. Hayden: Honourable senators, there are a few closing remarks I wish to make. I should like to sound a word of caution.

Profit motive and the national interest are the keynotes in the bill and the guidelines to be observed. These are worthy objects, but are they not the motives that spur and inspire commercial operations in Canada even now? Failure to be guided by such motives is the sure and fast way to bankruptcy. This is the only sensible basis on which the operations of the Canada Development Corporation or, in fact, any other commercial enterprise can be maintained on the national scale.

Even within such guidelines mistakes can be made. Feasibility can be improperly assessed. Market trends can change. Management can be inefficient, and costs can escalate. Lack of resourcefulness in such event will defeat the best plans and the firmest resolve, and down comes the structure conceived in high hope and put into operation with paeans of praise.

The Canada Development Corporation must face this resolutely. It will not spring into full and successful operation when the signal "to get going" is given.

Experience and understanding must be at hand. The availability of Government funds is no guarantee of success. Risks will have to be taken as part of the job, but a balance will have to be achieved in the different areas of operations to maintain a viable structure.

The news releases and the flowery language used to describe this new creature, the CDC, are no guarantees of success. All the bill does is provide a vehicle with initial assured substantial finances and high hopes of success, including the expectation that the general public will be attracted by some speculative glamour that the early operations may generate and will come in with their money. The shares will be subject to market play.

The shares can go down as well as up. The profitability may not stand out so clearly at times. Other glamour stocks and situations may take the public fancy at times. It is a plodding road to assured income and investment yield to make such shares attractive on that basis.

The bill aims at developing economic growth. That is a worthwhile objective, and on that note perhaps we should spur it on its way. The Lord knows we do have need for large doses of that commodity.

Let us make a frank impersonal assessment of areas of operation. Harnessing the national interest and profitability is no mean accomplishment. The stakes are so great, in moneys to be available even before the public is invited in, that undue pressures of every kind to get ahead will exist and must be resisted, within reason. Resolve, ample finances and good business judgment, hand in hand with the best ability in scientific and technological fields—that is what is needed. Money itself can be used unwisely. Whether the objective is resource development or manufacturing enterprises, or investment in existing large successful Canadian corporate operations or, indeed, investment outside Canada, there must be the strongest, most resourceful and intelligent guidance.

On motion of Hon. Mr. O'Leary, debate adjourned.

AIR CANADA

MOTION TO REFER ANNUAL REPORT TO NATIONAL FINANCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.—(Honourable Senator Hastings).

Hon. Hédard Robichaud: Honourable senators, may I bring to the attention of the house what appears to be a printing error in this item on the Order Paper? I recall moving on Thursday last the adjournment of the debate on this motion on behalf of Senator Hays. Therefore, I ask that this order stand in the name of Senator Hays, unless some honourable senator wishes to speak now.

The Hon. the Speaker: Honourable senators, is it agreed that this motion now stands adjourned in the name of honourable Senator Hays?

Hon. Senators: Agreed.

Order stands.

PRIVATE BILL

UNITED BANK OF CANADA—SECOND READING

Hon. Hédard Robichaud moved the second reading of Bill S-22, to incorporate United Bank of Canada.

He said: Honourable senators, from time to time the Senate and the House of Commons are asked to enact legislation to incorporate banks which are thereafter authorized to carry on business under the terms and conditions specified within the Bank Act. By the acceptance and passing of such a bill the new bank that is incorporated is added to Schedule A of the Bank Act, and it becomes a body politic and corporate, subject to the provisions of the Bank Act which was assented to on March 23, 1967.

There are now ten chartered banks in Canada, most of which are owned by a large number of individual Canadian shareholders. While the majority of these banks have held banking charters for many years, two new banks, the Mercantile Bank of Canada and the Bank of British Columbia, have been established in recent years. Each Canadian chartered bank has a network of branches, and some networks extend from coast to coast. By the end of 1969 the banks operated a total of 6 012 branches in Canada. This may seem to be a large number of branches, but one should remember that these banks must service an area of close to four million square miles, the second largest country in the world, and a total of close to 20 million deposit accounts.

In addition to providing deposit accounts, the chartered banks offer their customers a wide variety of other services, including facilities for investing in stocks and bonds, safekeeping of valuables and, what many of us may have reason to be more familiar with, the granting of loans for a variety of purposes and various periods of time. There is no need for me to elaborate further on the kinds of service provided by Canadian banks both in Canada and abroad. One should note, however, that Canadian banks account for 60 per cent or more of the total assets of all Canadian financial intermediaries and remain the most important financial institutions in Canada.

Bill S-22 constitutes an act to incorporate a new chartered bank to be known as United Bank of Canada and, in French, Banque Unie du Canada. It is a short bill, comprising only three clauses in all. It was drafted exactly as required and specified by section 8 of the Bank Act, which covers the incorporation and organization of banks. Its wording complies with Schedule B of the said Act. The bill was introduced for first reading following a petition which I presented to the Senate on Wednesday, June 9, 1971.

A pertinent question which might occur at this time is what has prompted the promoters of this bill to proceed with the incorporation of a new bank. First, it might be logical to admit and to recognize that there is nothing in the Canadian Constitution which would prevent a group such as the promoters and provisional directors of this proposed corporation from applying for the passing of an act permitting them to incorporate a new chartered bank in Canada.

It is felt in many quarters that the main promoter of this vast undertaking, B.V. Levinter, a lawyer and farmer by profession and a long-time resident of the Toronto area, may have been influenced in his decision by a speech delivered some eight or ten months ago by an ex-Minister of Finance for Canada, the Hon. Walter Gordon, in which he asked his audience why Canadian ethnic communities had made so little impact on the financial world. Without wanting to blame anyone, Mr. Levinter recognized this fact and began to think about what could be done. He decided he could be the one to do something about it. With a warning from his experienced father that the task of establishing a new bank was not easy, a determined "Bunny" Levinter made up his mind that what may have been considered a mere dream in the past could today become a reality.

When some few months ago I was asked to sponsor this bill in this chamber I was somewhat taken by surprise. My first reaction was to present Mr. Levinter with a copy of the Bank Act and to ask him to read it carefully before meeting again to discuss the proposal. Very few days had passed before I received a further call from Toronto confirming the decision to proceed with the incorporation of a bank giving representation to all groups of ethnic communities. Mr. Levinter, the promoter, made it clear that he was not blaming existing banks for the lack of interest on the part of such groups. He also added that he opposed segregation of any group in any field of activity, and he firmly rejected suggestions that this bank should be recognized as strictly an ethnic bank. This bank, says Mr. Levinter, should be an all-Canadian bank. In other words, it must be a bank where all communities will be welcomed and invited to participate.

As a result, we have before us a bill naming as provisional directors, in addition to Mr. Benjamin Levinter, Q.C., and his father, Isadore Levinter, Q.C., the following persons: Mr. Zenon Gutkowski, a Toronto chartered accountant of Polish origin, Mr. Adiuto John Pianosi, a prominent resident of Copper Cliff who has succeeded in the building trade, has served on the Board of Regents of the University of Sudbury and is a life member of the Royal Canadian Legion, and, finally, Dr. Gerald LaSalle, B.A., M.D., D.H.A.

[*Translation*]

Dr. LaSalle is a well known figure in the Province of Quebec, especially among the medical profession of that province and of Canada as a whole. It is interesting to note that Dr. LaSalle will chair the next International Congress-on-the-Sea to be held in St. Malo, France, in 1972. The provisional directors of this proposed corporation which I have listed bear unequivocal testimony to the sincerity and determination of these distinguished people in their approach of the difficult and complex task of setting up a new chartered bank in Canada.

As I mentioned earlier, these provisional directors are clearly determined to set up a new bank with a $20 million capitalization; the majority of directors would come from the widest possible variety of ethnic groups. In other words, the promoter of this project and his associates wish to attract the greatest possible number of Canadians from all walks of life, whether of English, French or some other ethnic origin, to take part in the industrial, economic and financial development of Canada, their country.

As mentioned in clause 3 of the bill now before us, the authorized capital stock of the bank would be $20 million divided into shares having a par value of $5 each.

[*English*]

Honourable senators, as I mentioned earlier, in order to incorporate a new bank a special act of incorporation is required by section 8 of the Bank Act in the form of Schedule B of that act. In respect of the information to be provided in the act of incorporation, the Bank Act

stipulates: (a) the authorized capital of the bank shall be not less than $1 million (Section 9); (b) shares shall have a par value of one dollar or any multiple thereof, not exceeding ten dollars (Section 9); (c) the number of provisional directors shall be not less than five (Section 10); (d) minimum share subscription by provisional directors shall be as set out in section 10(2); (e) at least three-quarters of the provisional directors shall be Canadian citizens ordinarily resident in Canada.

I can assure honourable senators that all the provisions or requirements I have just outlined have been met in full in Bill S-22.

The organization of the new bank, when incorporated, will be proceeded with as set out in sections 11 to 13 of the Bank Act. The founding members of the proposed United Bank of Canada are familiar with these requirements. It is their intention to proceed accordingly in order to meet the requirements in support of their application for Governor in Council approval to commence business. This will be done when their bill has received parliamentary approval.

Honourable senators, I have placed before you the concept of Bill S-22, and I repeat that I am fully convinced that this bill meets all the requirements of the Bank Act as they apply to the incorporation of a new bank. It has been stated that Canada must be the only country in the world where such a move seems audacious. I hope that it is not so, simply because of the ethnic origin of the promoters. Such a thought alone would be contrary to the earnest desire of all worthy Canadians, that is to promote a united nation, a nation where people from all kinds of backgrounds, of all races and religions can work together for Canada.

Canada may have the soundest, safest and strongest banking system in the world, but should it be a system of such entrenched solidity that any change in its structure, any proposal for entry of a new member into the club should seem revolutionary? I do not believe so; otherwise the provisions of the Bank Act would not be such as to allow the introduction of a bill as we now have before this house for deliberation.

Honourable senators, there should be no question, not even among the chartered banks themselves, that the Canadian financial system can benefit from new people, perhaps by new approaches and particularly from new competition. Bill S-22 commends itself for your support, and when it receives second reading it is my intention to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Robichaud, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance with respect to the Estimates laid before Parliament for the fiscal years ending March 31, 1972, which was presented on Thursday, June 10.

Hon. Daniel A. Lang moved that the report be adopted.

Report adopted.

COMBINES INVESTIGATION ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(Honourable Senator Benidickson, P.C.).

Hon. Donald Smith: Honourable senators, honourable Senator Benidickson has asked leave to adjourn this debate until June 22; that is, of course, if no other honourable senator wishes to speak on it in the meantime.

The Hon. the Speaker: Is there any other honourable senator who would like to speak on this Order? Is it agreed that this Order shall stand until June 22?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 16, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OPPORTUNITIES FOR YOUTH PROGRAM 1971

PROJECTS SUBMITTED BY BOY SCOUTS OF CANADA—QUESTION

Hon. Hartland de M. Molson: Honourable senators, I would like to ask the Deputy Government Leader for some information in connection with the Opportunities For Youth Program 1971. Putting them as briefly as possible, my questions are as follows:

(1) Is it correct to say that approximately $23.4 million has been allocated already out of a total grant of $24.7 million?

(2) Have any of the 2,300 projects apparently approved included any of those submitted by the Boy Scouts of Canada?

(3) Does the Government consider that this, the oldest and largest responsible boys' organization, is not as worthy of support as some of the hippy and activist groups already supported?

(4) Could the Deputy Government Leader explain to this chamber why the submissions of March 1971 of the Boy Scouts of Canada to the Department of the Secretary of State suggesting 116 projects covering 10 provinces, for the total value of $185,000 and involving 180 boys for the benefit of 12,000 other boys, did not even receive the courtesy of an acknowledgement?

Hon. Leopold Langlois: Honourable senators, since this very important question requires meticulous research, and in view of the fact that I have had no notice of it, may I take this as notice?

PUBLIC BILLS

MOTION TO SUSPEND RULES—DEBATE ADJOURNED

Leave having been given to revert to Motions:

Hon. Leopold Langlois: Honourable senators, I move, with leave of the Senate, that from now until and including June 30, 1971, Rules 44(1)(f) and 45(1)(b) and 45(1)(c) be suspended in so far as they relate to public bills.

Some Hon. Senators: Explain.

The Hon. the Speaker: May I have a chance to put the question, because it is a debatable motion. Has the honourable Senator Langlois leave to proceed with his motion?

Hon. Senators: Agreed.

Hon. Mr. Langlois: Honourable senators, this motion is made under Rule 3 of the Rules of the Senate. It is made in consideration of the fact that we are nearing that point in the session when we will adjourn for the summer recess. I understand that an agreement has been reached in the other place that this adjournment will take place not later than noon on June 30. In the past this motion for suspension of certain rules has been considered a routine motion at this stage of the session, in order not to delay important Government bills which must receive royal assent before the adjournment.

Hon. Mr. Croll: Would you explain the effect of the motion?

Hon. Mr. Langlois: The motion has the effect of cancelling the two day's notice required for second reading of public bills—

Some Hon. Senators: Any bill.

Hon. Mr. Langlois: —under Rule 44(1)(f), and restricting that rule, by this motion, to private bills; and also to do away with the one day's notice required under Rule 45 for third reading and any substantial amendment to a bill reported by a committee.

This is the only purpose of the motion. It is limited to public bills; and it is limited in duration from now to the adjournment of this present session.

Hon. Jacques Flynn: Honourable senators, I have no objection to the motion made by the Leader of the Government, but I would like to know the effect of the suspension of Rule 44 in connection with the second reading of a bill. Does it mean that second reading could be moved instantly without one day's notice? It seems to me that this may be going a little too far; we should have at least one day's notice. I am not sure I heard the motion correctly, but it seems to me that its effect would be to dispense even with one day's notice in the case of a motion for second reading.

Hon. Mr. Langlois: I think the interpretation put on my motion by the honourable Leader of the Opposition is correct. Perhaps I should have mentioned that I had the occasion to discuss my motion with him earlier this morning, but I could not agree to his suggestion that instead of seeking the approval of the present motion, which has the effect of suspending paragraph (f) of Rule 44(1) and paragraphs (b) and (c) of Rule 45(1), there should have been an amendment to do away with two day's notice for the second reading of bills. I was advised that this could not be done under Rule 3, which reads as follows:

3. Any rule, or part thereof, may be suspended without notice by leave of the Senate, the rule or

part thereof proposed to be suspended being distinctly stated.

I was advised that this rule could not be used to amend an existing rule, and I was very reluctant to propose to the Senate the amendment, even on a temporary basis, of a rule of the Senate without first seeking the advice of the Standing Committee on Standing Rules and Orders. Our Rules Committee has been active and has done a tremendous job in up-dating our rules, and I was reluctant to propose an amendment to any of the rules, even on a temporary basis, without consulting that committee. I do not think Rule 3 gave me this opportunity in any event. Moreover, in the past this has been a routine motion at this stage of the session, and so we are not breaking any new ground now. I am just seeking the co-operation of this house for the early dispatch of public business before the adjournment which is proposed for Wednesday, June 30.

Hon. Mr. Flynn: Honourable senators, I have followed the argument of the Leader of the Government, but when he refers to Rule 3, which says that "Any rule, or part thereof, may be suspended without notice by leave of the Senate,..." that is exactly what he is asking. He is asking leave. In the first place we have given the leader leave to present his motion to suspend a rule. In the second place, if we adopt the motion, we are suspending the rule for the remainder of the session, or until June 30 to be precise.

I do not see why, in asking the Senate to order the suspension of Rules 44(1)(f) and 45(1)(b) and 45(1)(c) until and including June 30, we could not add the words, "except that for second reading of a bill one day's notice shall be given".

I would suggest to the honourable Leader of the Government that he amend his motion to add the words: "except that for second reading of a bill one day's notice shall be given". This is an order of the house. We can certainly do it without any difficulty at all, and I do not see any problem of procedure in amending the resolution in the way I have suggested.

Hon. Mr. Langlois: Honourable senators, the Leader of the Opposition has touched the point that I had made earlier, to the effect that Rule 3 did not permit the amendment of a rule without notice. Rule 3 deals only with the suspension of the application of a rule.

Hon. Mr. Flynn: It means the same thing.

Hon. Mr. Langlois: No, it does not. Amendment and suspension are different things, to my mind. As I said earlier, I discussed this matter this morning with the honourable Leader of the Opposition. I sought advice on his suggestion and I was advised to the contrary. That is why I have proceeded with my original proposal, to seek the suspension of Rules 44(1)(f) and 45(1)(b) and (c) to and including June 30. As I told the honourable Leader of the Opposition this morning, if I did not get leave to proceed this afternoon, it could be taken as notice and consideration could be proceeded with at tomorrow's sitting.

Hon. Mr. Flynn: We should not mix the problems up. The honourable leader has had leave to present his motion. What I was suggesting is a very simple matter. I just want to ensure that we be given one day's notice of second reading of a bill from now until the end of the session. If leave is asked at any time to dispense with this one day's notice, I have no doubt it will be given in due course. However, I do not want the Senate to be taken by surprise. It is not a question of procedure or of the rules; it is a question of accommodation. The honourable the Leader knows that I am quite willing to accommodate the Government and the Senate at any time, especially the Senate.

Hon. Mr. Benidickson: May I ask the Leader of the Government for clarification? We are not discussing what is to happen between now and the end of the session; we are talking about a motion made in the other place to deal with the period up to the adjournment of this session on June 30. As I understand it, we are not asking for a suspension of these rules until the end of this session.

Hon. Mr. Flynn: That is right.

Hon. Mr. Langlois: My motion is clear. It covers the period from now until and including June 30. It is quite clear that it is not concerned with the balance of this session.

Hon. Donald Smith: I wonder if I might add a word to what the honourable leader has just said? I am sympathetic with the views expressed by Senator Flynn, and I think if I were sitting on the other side I should be inclined to make the suggestion he is making now. I do not wish to lecture the house, because I am aware that many honourable senators are more knowledgeable about the rules than I am. However, I would point out that, even with a suspended rule, there could be at least 24 hours' notice, so that the Senate could not be taken by surprise by the presentation of a bill. In other words, with the suspension of this rule it would be possible for the sponsor of a bill to move second reading and give his explanation of the bill without 24 hours' notice. Then it would be up to the honourable the Leader of the Opposition or to any other honourable senator to adjourn the debate in order to have adequate time before speaking. In this sense he would not be taken by surprise.

I think it might be useful to point out that during this present pre-recess period we shall have, for the first time in many years, more time to consider and to discuss fully the legislation which will be coming before us, because of the way in which the work in the other place is being scheduled. There they will be discussing the budget speech for quite a number of days while all the legislation we will have to deal with will be here. My own view is that we do not really need suspension of the rule, but one never knows what will happen and in case we should have to deal with something on an emergency basis, it is suggested that we should now dispense with this two days' notice. Honourable senators, I hope that what I have said has been helpful.

Hon. Mr. Flynn: Honourable senators, I shall be quite satisfied if the honourable the Leader of the Government tells us that he will proceed in the manner indicated by Senator Smith, and I would withdraw any objection under those circumstances. However, if it is not necessary for the motion to be passed today, why could we not adopt it tomorrow when the leader will be in a position to tell us what pieces of legislation will come before us prior to adjournment, and which of these items the Government considers essential to be passed by the house before June 30?

Hon. Mr. Langlois: Honourable senators, I thought I had already opened the door to the suggestion of the honourable Leader of the Opposition. I did so when I gave him an undertaking this morning to provide him with a list of those bills for which royal assent will be required before adjournment. This undertaking still stands. I have already received a list and, subject to the possibility of discussing it between now and tomorrow with the house leader in the other place, it is my intention to put before Senator Flynn tomorrow morning the said list of bills for which royal assent will be required before adjournment.

The Hon. the Speaker: Do I understand that the Leader of the Opposition wishes to adjourn the debate on the motion until tomorrow?

Hon. Mr. Flynn: Yes.

Hon. Allister Grosart: I wonder if the Leader of the Government has satisfied himself that he has accomplished his purpose if he does not include also leave to suspend Rule 78(4)?

Hon. Mr. Langlois: I should have liked the honourable senator to have explained more fully what he meant by his question. Rule 78(4) reads:

> When a committee reports a bill without amendment, such report shall stand adopted without any motion

I have limited my motion to public bills and not to reports from any committee on any other matter. My motion is limited to the introduction, second and third reading of public bills and substantial amendments thereto. I think this should answer my honourable friend's query.

Hon. Mr. Grosart: My understanding is that the Leader of the Government is asking for suspension of Rule 45(1)(c) which is:

> for any substantial amendment to a bill reported by a committee;

If this is so, I would think that he would also wish to consider the situation where a bill is reported without amendment and the honourable senator reporting the bill is then required to move that it be taken into consideration on a future day.

[Hon. Mr. Smith.]

Hon. Mr. Langlois: Honourable senators, my motion is very simple in its language. It reads:

> That from now until and including June 30, 1971, Rules 44(1)(f) and 45(1)(b) and 45(1)(c) be suspended in so far as they relate to public bills.

Hon. Mr. Grosart: Is that "Rule 45 (b) and (c)"?

Hon. Mr. Langlois: Yes, (b) and (c).

Hon. Mr. Grosart: The Leader of the Government may be simplifying the procedure where there is a substantial amendment to a bill, but where a committee reports a bill without amendment he may find that there is a delay of at least a day. I am only trying to be helpful. To reduce the problem to its simplest terms, it means that if a bill comes before us with a substantial amendment, under Rule 45(1)(c) it can be dealt with right away, but if it comes before us without a substantial amendment it cannot, under the rules, be dealt with the same day. I would imagine that the Leader of the Government would require that a report without amendment from a committee should be dealt with without delay.

Hon. Mr. Langlois: I think that my honourable friend is confused in the application of Rule 78(4) which, to my mind, deals for the major part with the report of a bill without amendment. Rule 45(1)(c), the application of which I am asking this house to do away with, provides that one day's notice shall be given for the introduction of any substantial amendment to a bill reported by a committee.

We are discussing two different matters. I agree with the suggestion made by the Leader of the Opposition that consideration of this motion should be deferred until tomorrow, when further explanation, if needed, can be given.

Hon. Mr. Grosart: Perhaps the Government Leader would give consideration to my suggestion, that the same expedition should be given a bill reported without amendment as will be given to one reported with amendment if this motion is adopted.

On motion of Hon. Mr. Flynn, debate adjourned.

CANADA DEVELOPMENT CORPORATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-219, to establish the Canada Development Corporation.

Hon. M. Grattan O'Leary: Honourable senators, last evening Senator Connolly (Ottawa West) very courteously asked me if I would have any objection to his putting two questions to Senator Hayden before I resumed the

debate. I agree to that, and I hope he will put the questions.

Hon. Mr. Connolly (Ottawa West): I thank Senator O'Leary. However, I have put my questions to Senator Hayden, and I will do so again in committee.

Hon. Mr. O'Leary: Honourable senators, last evening I listened with great care, as any sensible person would, to Senator Hayden while he explained the provisions and purposes of this bill. I say that I listened with great care, as any sensible person would, because Senator Hayden is an acknowledged power in simplifying the complex and in casting light upon cloudy legislation. I must say though, I hope without offence, that I did not think that last evening he was at his best. This may be due to the fact that some bills come to this house which defy simplification or adequate explanation, and this is one of them.

Senator Hayden told us a great deal regarding the technical details and structure of this bill. However, what he did not even attempt to tell us is what this corporation can do at this particular time. He did not even tell us why this bill is brought before us at this particular time. The proposal to create a Canada Development Corporation was contained in the Speech from the Throne in 1963, eight years ago. Arthur Meighen, once a glory of this house, said that the worst fate he could fear for a project dear to his heart would be that some day it might get into a Liberal platform. I am sure that were he here at this time he would say that had he a project dear to his heart the worst he could fear for it would be that one day it might get into a Liberal Speech from the Throne.

This project has had eight years of gestation. What this Government needs, among many other things, is a legislative fertility drug. Why this delivery now? Is this bill presented only as a discretionary tactic, something to appease our pathological economic nationalists, or something to bamboozle our word-intoxicated academics in the groves of Academe, and the remnant of those who appeared a few years ago wanting to "buy back Canada"?

This nation, honourable senators, is distressed and oppressed by urgent, desperate things. It is oppressed by unemployment, a degrading thing and, in fact, a sin against humanity. It is oppressed by mounting inflation, hardship, and misery for millions. On top of these we have the urgent problems of pollution, ecology, and environment. Will this bill cope successfully with any of these problems? Will it create a single job? Will it ease this terrible growth in prices which, as we have seen only this week, is continuing. Will it deal with the great and pressing world problems of ecology? Is it even going to try to deal with regional disparities? Not a word, not a line, not a paragraph in this bill tells or indicates that this Canada Development Corporation is going to deal with what happens in the Atlantic provinces, or even in my native Gaspé. Not even that incredible Pollyanna, the Minister of Finance, claims that it will. Not even Senator Hayden, in his measured language, pretends that it is going to deal with any of those problems. The best he can do is to repeat a favourite phrase of the late Mr. Asquith. He says: "Wait and see, wait and see; there is nothing I can tell you now about what this bill is going to do. I can say what it hopes to do, but I cannot tell you that it is going to do these things."

So we are to wait four years, five years, or perhaps ten years. I have to say to my distinguished and honourable friend that the wind has taken on for me a pensive note at this time. I cannot afford to wait five on ten years, and I cannot get excited over sunshine for my grandchildren.

Another question with which Senator Hayden did not deal and about which the country is wondering—I hope it is wondering, as I hope every member of this house is wondering, about this—is: Who is going to control the operations of this corporation? He says that the Government will not control them, which is about the best news regarding this bill that I have heard. After all there is in this country such an institution as Parliament. It may be, although I am not sure of it, that the Government, starting off this corporation with 18 of its own directors, with its own president, chairman of the board, and an investment of some $250 million, will not seek to control the corporation. However, I doubt it. But what about Parliament? Is Parliament to put up $250 million, and later on perhaps $1 billion, and say that it has lost control, or does not care about control, of the public purse?

Last night my honourable friend said that he was presenting this bill as a charter for this corporation, and he likened it to the charters of the chartered banks. I was surprised to hear him say that. He is a director of a great bank in this country. Surely he knows that our chartered banks are under government supervision and control to a certain extent. He knows all about the Bank Act, and he knows that there are inspectors of banks. Are there to be inspectors for this corporation? How are we to know what they are doing?

So far as I can see, there is no provision in this bill for even an annual report. There is no provision for any of the superintendence that we exercise over our crown corporations. The Canadian National Railway comes to Parliament each year to give an account of its stewardship, as does the CBC. It is true that you cannot always understand what they are driving at, and that there are things they conceal, but at least the principle of parliamentary control is asserted. These crown corporations, these emanations of the Crown which take up vast sums of public money, must come to Parliament and tell Parliament what is being done with this money. This is a cardinal principle of our whole parliamentary set-up. It is incredible that in the bill to establish such a corporation as this, which will control hundreds of millions of dollars of public money, there is not a single provision to compel the directors to come and tell us what is happening to the money. Surely, this is unacceptable in a parliamentary country.

To liken these people to our chartered banks does violence to reality. Our chartered banks, like our insur-

ance companies, are all under state supervision, and in some measure under state control, as are most of our crown corporations. At least, they all make annual reports to Parliament, and Parliament is in some position to examine and, if necessary, criticize their operations. But in this case not a thing is provided whereby the public of Canada and the Parliament of Canada will know what is happening to the hundreds of millions of dollars that these people are given to spend.

What is this corporation going to do? Is it going to provide a single job in Canada? Does anybody suppose that this corporation will do anything to alleviate unemployment? Does anyone suppose that within a reasonably foreseeable time this corporation is going to deal with inflation? Then, what is the use of it? I ask again: Is this merely an appeasement of our economic nationalists? Is this an appeasement of those, or the remnants of those, who in the old days supported Mr. Walter Gordon? If my friend says yes, then this is not the bill he explained to us last evening. If he says no, then why do we have the bill at all?

Again, why at this time? This country, as I said a moment ago, is in the throes of desperate trouble, which may be caused by world conditions, or by conditions in our great neighbour to the south. While this Government apparently, so far as we can find out, has nothing in view to deal with these terrible problems they bring along this bill, and there is a wide area of public wonderment about what the bill is and why it is being brought in at this time.

The bill speaks of profitability and at the same time "benefit for Canada." How does this corporation propose to reconcile profitability and benefit for Canada? Are the two things compatible? Will the people directing this organization feel they are compatible? A certain gentleman in the United States said a few years ago that what was good for General Motors was good for the United States. Are these people going to tell us that what they decide to do with our money will be good for Canada; that profitability, if they get any, will be good for Canada? This is a question that I am sure the people of this country are asking. If they are not asking it, they should be.

There is a score of questions that could be asked about this bill, but it is going to committee, and I suppose that is the place to ask questions. I hope those questions will be asked.

At the close of his statement last evening my honourable friend, in a very eloquent passage, said that, after all, the test of this corporation was going to be in men, in people. He said the success or failure of this venture is going to depend on the men who administer it. I agree with that. But surely that casts upon the government of the day a heavy responsibility in selecting the men who will administer it. They are going to appoint, to begin with, 18 directors. They appoint the chairman, and they appoint the president. Let me just interject that inspired voices tell me that the president is going to be Mr. Marshall Crowe.

Hon. Mr. Walker: Who?

[Hon. Mr. O'Leary.]

Hon. Mr. O'Leary: Mr. Marshall Crowe. If that is true, it is the only good thing I have heard about this bill. This is a man of experience, capacity, and distinction. But will one man of capacity prevail over 18 others who may have no capacity?

I am not a suspicious person, but I have no faith in this Government's appointing men, on the basis of capacity, to run this corporation. I wonder if the appointments to this board will be of the type that was made a few weeks ago, when a defeated Liberal candidate in the Province of New Brunswick, a man without business or even legal experience, was appointed to the very heavy responsibility of chairman of the Canadian section of the International Joint Commission. When you witness that sort of thing, then you have to ask yourself: Can this Government be trusted with the appointment to this corporation of the 18 men who will begin its operations?

Now I must say that no one who feels for Canada can want this corporation to fail, but I am afraid that the beginning practically invites failure.

I end by trusting that the hopes of my friend expressed last night are better grounded than my fears.

Hon. Nelson Rattenbury: Honourable senators, I should like to reply to my honourable friend, Senator O'Leary. I have always held him in the very highest esteem since I became a member of this chamber, but when he chooses to bring out by name a dedicated Canadian in the manner in which he did, I think he is lowering himself. Great Canadians have been defeated by the public, but not necessarily personally. Mr. Robichaud was not defeated. His government was defeated, but he himself was re-elected, and chose to retire later.

I will not go too deeply into the honourable senator's other remarks about the bill, but he made reference to banks and supervision by the Government. Surely he does not infer that they should report to Parliament.

Hon. Mr. O'Leary: I did not say that, or infer it.

Hon. Mr. Rattenbury: You inferred they were under the supervision of the Government.

Hon. Mr. O'Leary: That is right, and they are.

Hon. Mr. Rattenbury: Perhaps you would object to newspapers also being put under the same kind of supervision?

Hon. Mr. O'Leary: You do not want to read anything, and you do not want to see anything.

Hon. Mr. Rattenbury: I do read a lot.

Hon. Mr. Walker: You show no signs of it.

Hon. Mr. Rattenbury: I think you choose to forget that the purpose is to hand the corporation over to the public. This is the purpose implied by Senator Hayden last evening. I think he mentioned a term of five years. It is not a crown corporation in this respect. I think the purposes of the bill would be defeated if the corporation had to come like a child every year before Parliament to report on its doings—and perhaps on its shortcomings. Many busi-

nesses have been promoted and started which have not necessarily succeeded. This is one method, and I think it is a good one. I speak as a businessman. The unemployed, which the honourable senator also mentioned, can be helped by the passage of this bill.

Hon. Mr. O'Leary: Honourable senators, I have said what I have said and it will stand, unrevised and unrepentant.

Hon. Mr. Walker: That was your speech, Senator Rattenbury?

Hon. George S. White: Honourable senators, my remarks will be brief on this bill. Like all my colleagues, last evening I listened to a very able presentation by probably the most capable corporation lawyer not only in this house but in Canada. The honourable senator Hayden indicated his support for this bill, but listening to him carefully, and reading his speech again today, one could not help but think that his support was somewhat half-hearted.

Honourable senators, this legislation has been talked about for a long time. It was mentioned in the Speech from the Throne in 1963. Now, eight or nine years later, it is before this chamber. When the bill was discussed in the other place, apparently no reasons were given for the long delay in presenting it. Apparently the Government now feels that this legislation is necessary for the economic development of this country. Many Canadians wonder why the bill was presented at this particular time. Perhaps it is just a tactic, to take the attention of the public away from unemployment and inflation.

Only a few days ago the report for May indicated that inflation is still with us. Senator O'Leary asked whether this corporation will create any new jobs or curb inflation in any way. The remarks made by supporters of the Government in the other place left the impression that the Government is very concerned about the economic development of this country at the present time, but there is very little in the bill itself to indicate what industrial development the corporation will undertake.

It is true that clause 39 provides that the Governor in Council may sell the four crown corporations listed therein to the new corporation. Over the years the profits from Polymer have gone into general Government revenue, and this profit has been for the benefit of all Canadians because the crown corporation was set up and developed by money from Canadian taxpayers. If Polymer is taken over by this new company, its profits will not be for the public but for the shareholders only.

Senator O'Leary pointed out the lack of any provision in the bill for an annual report, as is submitted by certain crown corporations. For instance, item 3 on our own Order Paper concerns one such report. It reads, in part:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.

That is perfectly proper. Honourable senators will recall that, within the last week or ten days, there came to their desks the annual report of Polymer Corporation. If this new corporation is going to be handed over hundreds of millions of dollars belonging to the taxpayers of Canada, why will there be no annual report or, in lieu of that, why is there no provision for reporting to Parliament? If it is intended that in due course the corporation is to raise capital by selling its shares to the public, then of course the public must be willing to buy those shares. First, the public must be convinced that the shares of the new corporation are more valuable and provide a better method of investment than their present method.

The majority of savings in this country are divided into two areas: the first is the stock and bond market, and the second is the broad field of life insurance, savings accounts, and Canada Savings Bonds. Anyone today investing in the stock market or bond market, either in individual shares or through mutual funds, certainly would have a wide variety of issues from which to choose. They are able, from the annual reports, to assess the possibilities of future growth and future dividends.

These Canadians are satisfied with the method of investment they now have for their savings. No doubt the majority feel they are playing some part in helping Canada finance its development. It is most unlikely that many of these people will be interested in switching their savings from this type of investment to CDC shares. To convince Canadians who have their savings in life insurance, in savings accounts and in Canada Savings Bonds to switch to CDC shares, it would be necessary to guarantee them the same kind of security and return on investment that they are now receiving, which is very real and attractive to them. They will not change or switch until they are assured of receiving at least the same security and the same return on investment they have at present. However, apparently no such guarantee, either of security or of return on investment, will be made by the Government. The Government simply says that the corporation will provide an increased opportunity for Canadians to participate in the economic development of their country. The Government gives the impression of being concerned about the economic development of the country, but the CDC's role in industrial development is vague. It may acquire at the start four corporations, two of which are profit-making, one of which is losing money and the other which is not yet making a profit.

So much for development. Then the corporation will invest in shares or ventures and will assist in the development of businesses and will expand, widen and develop opportunities for Canadians to participate in the economic development of Canada. This is a rather vague statement of objectives. It does not provide for development and it gives no certainty that development will follow.

I would remind the house that there are in Canada today many institutions which provide excellent opportunities for the small investor to participate in the economic growth of Canada. I refer to the mutual funds,

which amount to a huge total exceeding even the $2 billion proposed for the new Canada Development Corporation. The belief that the new corporation will be a company which will enable the small Canadian investor to participate in the financial benefits of ownership in important and profitable companies is at best a pious hope. No evidence has been presented to show that there is a significant body of small investors in Canada who cannot find satisfactory or attractive opportunities under present conditions.

The honourable senator who introduced the bill was frank in saying that it might be up to ten years before shares are offered to the public. The bill does provide for the Government's reducing its interest to 10 per cent, but any such reduction will not remove nor even reduce government control, because, as the sponsor pointed out, the bill provides against that loss of effective government control by limiting ownership of any other investors to 3 per cent of the share capital of the company, which, at the maximum capitalization of $2 billion, represents an upper limit of $60 million of participation by any single company or individual.

Why would any large, sophisticated investor of the type the corporation will need to attract, if it is to operate as planned by the Government, ever agree to place its interests in such a corporation when there are so many other excellent and truly democratic companies in which it could place its assets? That is the obvious question. The position of the Government merely serves to confirm the difficulties it must face in setting up a huge corporation that will be responsible at one and the same time to political interests represented by government participation in it and to private interests seeking the maximum return on investment regardless of whether that return comes from ventures with a high content of national interest.

Canadians do have some knowledge of various socialistic economies. A very large majority of Canadians still believe in the free enterprise system. When any government enters a major area of economic activity, it seems always to do so on a far more costly basis than when the matter is left to private enterprise. This corporation represents the continuance of the pattern of the present Government of expanding its powers further and further into the private economic sector of our society. The present bill is its boldest approach yet in this direction, and many important members of the private sector are understandably alarmed by its implications.

It is the duty of the Government to provide a fiscal and monetary climate which will enable and encourage orderly and vigorous growth in our society. I do not believe that this Government, including its agents, has any role to perform in the day-to-day management or operation of the private sector of the economy. Such a path is a path to state ownership of the means of production and distribution, and that concept of government is not acceptable to the Canadian people. The bill gives the impression that by selling shares to the public and having the shareholders elect some of the directors, the corporation will stand on its own feet, free of government control. At least, the Government appears to recognize the inherent dangers that are implicit in the relationship between the Government and the corporation, but the suggestion that the corporation will be independent of government is, in my view, a fantastic illusion.

If the treasury of Canada is to be called upon to purchase large blocks of stock of the corporation, and if it is required to purchase debentures of the corporation or to make loans to it up to the amount of $100 million, how can the Government and Parliament divorce themselves from their responsibility to the Canadian public or its operations? If Polymer and other crown corporations are to be sold to the new corporation, how can the Government and Parliament ignore their responsibility with respect to the operation of these crown corporations? In my opinion, neither the Government nor Parliament can properly abdicate their responsibility for such a corporation, and the alleged independence of this corporation is only a myth.

Clause 32 of the bill reads:

> 32. The shares of the company are an authorized investment for the funds of a corporation to which the Canadian and British Insurance Companies Act, the Loan Companies Act or the Trust Companies Act applies.

In view of the estimate made by Senator Hayden, who introduced the bill, that it might be ten years before the stock is offered to the public, it might have been wise to have left clause 32 out. Perhaps the inclusion of that clause is just another prop for the bill.

Honourable senators, I intend to vote against this bill on second reading.

Hon. G. Percival Burchill: Honourable senators, I had no intention of making any remarks on this bill. Last night I listened to Senator Hayden's speech rather attentively, and I enjoyed it. It did raise certain questions in my mind that I wished to put to him, but, like Senator Connolly (Ottawa West), I felt those questions could perhaps best be answered in committee. Thus, I had decided not to say anything in this house.

On reflection, however, it struck me that according to his explanation of what the bill was designed to do it had more reference to the development of resources in parts of Canada in which resources such as oil and minerals had not been developed and where financial assistance was required for their development. It struck me that there was little in his explanation that would give us in the east very much encouragement. I am thinking particularly of the Atlantic provinces. There may be some aspects that I did not quite detect, but I did get the impression that this bill would be more effective in those regions, places and areas where development should be undertaken but where it is held back because of lack of financial support.

One of my particular reasons for rising at this stage was to say to my good friend Senator O'Leary, whom I admire very much indeed and whose speeches I always enjoy in this chamber, that this afternoon I violently disagree with what he had to say about Premier Robichaud of New Brunswick. I think Premier Robichaud is

one of our great Canadians who has done a wonderful job for New Brunswick.

Hon. Senators: Hear, hear.

Hon. Mr. Burchill: Even his detractors in New Brunswick will admit that that province has made wonderful progress during the years while he was Premier. His name will stand high in the estimation of the people of New Brunswick for many, many years to come, no matter in what capacity he may be called upon to serve his country. His selection by the Government for the post which he now holds was an excellent one, and I think Canada's interests are in safe hands. As I say, I think he is one of our great Canadians and I disagree violently with what my friend Senator O'Leary had to say about him.

On motion of Hon. Mr. Macdonald, for Hon. Mr. Grosart, debate adjourned.

UNEMPLOYMENT INSURANCE BILL, 1971

SECOND READING—DEBATE ADJOURNED

Hon. John J. Connolly moved the second reading of Bill C-229, respecting unemployment insurance in Canada.

He said: Honourable senators, Bill C-229 is a complete reworking of the Unemployment Insurance Act and contains 160 clauses and four schedules. Three of the schedules, namely A, B and C, deal with qualifications for benefits and quantum of contributions until the act becomes fully effective at the end of this year. Schedule D deals with consequential amendments to three other acts of the Parliament of Canada.

Before embarking on a discussion of the bill itself, I think it would be wise to look at the historical aspects of unemployment insurance in this country. I think the original effort made by the Parliament of Canada to have an unemployment insurance program was made by the Right Honourable R. B. Bennett when he was Prime Minister. He introduced such legislation in 1935. It was the subject of a reference to the Supreme Court of Canada and ultimately to the Privy Council. It was as a result of that reference and of the decisions of the courts that an amendment was sought to section 91 of the British North America Act, and that amendment was added as section 2A of section 91. It gave to the federal Parliament authority to enact legislation in respect of unemployment insurance. Heretofore that jurisdiction was lacking here.

In due course in the year 1940 the first federal act was passed. Honourable senators will remember that it provided for contributions by employers and employees equally. It also provided that the federal Government would supply 20 per cent of the amounts paid in by the contributors and would also assume the cost of administering the act. The beneficiaries under the initial act were all wage earners and some salaried employees. I am informed that since 1940 some 25 million Canadians have drawn benefits under the Unemployment Insurance Act to an amount of $6 billion.

Hon. Mr. Flynn: What were the original maximum earnings to qualify under the act?

Hon. Mr. Connolly (Ottawa West): Under the original act?

Hon. Mr. Flynn: It seems to me it was something like $4,000.

Hon. Mr. Connolly (Ottawa West): I think $58 per week was the maximum benefit. I am afraid I will have to get that figure for my honourable friend later. I may have it in my notes but I cannot find it just at the moment.

I think that the amount of money that has been paid out under the act, and the number of people who have benefited under the Unemployment Insurance program in this country as envisioned by prime ministers of an early day, have been so great as to warrant the statement that they indeed had a great concept for the improvement of the lot of people who were temporarily deprived of their earning power.

Hon. Mr. Flynn: I think it will be agreed that it was easier to inaugurate such a system when everybody was working.

Hon. Mr. Connolly (Ottawa West): The figures which I shall produce later will bear that point out with particular emphasis on the period for which I have figures.

In due time some self-employed people were admitted to the numbers who were covered, particularly fishermen. It is proposed under the present bill that fishermen will continue to be covered until such time as some appropriate formula can be devised for dealing with them otherwise than under the Unemployment Insurance Act. Honourable senators will also remember that there is a provision in the present law whereby what we normally describe as seasonally unemployed people can benefit. Actually, this is a misnomer because the present law provides that in the period from December 1 until May 15 to qualify for unemployment insurance benefit, only a period of 15 weeks rather than 30 weeks of attachment to the labour force is required. The cost of these so-called seasonal unemployment benefits in 1970 was rather enormous. It amounted to $225,000.

Another anomaly is that the drain on the fund has been out of proportion to contributions by seasonal workers. From the figures I have, contributions amounted to about 7 per cent of these earnings, and drawings amounted to approximately 17 per cent. Therefore, there was a hidden subsidy granted to so-called seasonal workers as well as to self-employed workers.

Hon. Mr. Smith: I wonder if the honourable senator might give us that figure again. He said the figure was $225,000.

Hon. Mr. Connolly (Ottawa West): It should be $225 million.

Honourable senators will recall the royal commission known as the Gill Commission which studied the problem of unemployment insurance in Canada. The commission

presented its report in 1962, and the report was followed by the work of internal committees and study groups.

The first results of this study was a series of administrative changes whereby benefits were controlled, pay centres computerized, and the use of stamps eliminated. There were also fewer employer audits, and bulk payments which employers were required to make could be made to the banks. I am informed that these administrative changes saved approximately $25 million over a period of three years. This was a saving primarily for the benefit of the Government which was responsible under the act for the administrative costs.

In 1968 a project team was set up consisting of economists, sociologists, management representatives, lawyers and others with a view—no doubt inspired by the findings of the Gill Commission—to developing a new approach to the problem of temporary income support which appeared to be necessary.

The project team was set up to consider the causes of the interruption of earnings, including sickness and maternity. It was also to consider the possibility of establishing unemployment insurance and setting it apart from welfare, the problem of the overlapping of the unemployment insurance program with other programs, and to study the prevention of abuse. In addition, it was asked to examine the funding under the act, to investigate the problem of automatic adjustments for contributions as well as benefits in the light of changes in the cost of living and unemployment rates.

It was required to relate the proposed new law to new and emerging economic and social conditions developing in the country, and to study and co-ordinate the new social service agencies and programs in both the public and private sectors—programs that were federally, provincially and municipally established in the public sector.

Perhaps a good example of this is the problem of placement. So, too, is the question of sickness and accident insurance and its relation to the problems of the unemployed. So, too, would be the correlation with Workmen's Compensation laws and benefits flowing from provincial acts and correlation with the Canada Pension Plan and the Quebec Pension Plan.

Honourable senators, it is useful at this stage to point out that the insurance which is provided under an Unemployment Insurance Act is insurance against temporary loss of income. It is insurance of a character different from the ordinary type of insurance acquired in the private sector. Private insurance is arranged by contract. It is intended to provide for contingencies and it is voluntary.

Unemployment insurance, however, is a form of social insurance. It is imposed by statute. It is compulsory, and it has the effect of redistributing income on the basis, as proposed in this measure, of economic conditions. As I have said, it is proposed to provide insurance against temporary interruption of a worker's earnings. Sickness has been considered and is reflected in the terms of the bill.

Maternity and pregnancy has also been considered. Canada is not, of course, the first country to establish maternity or pregnancy as cases involving the use of unemployment insurance. It was proposed, studied and recommended by an International Labour Convention. Legislation will soon be before us requiring employers to keep open for 17 weeks the job of a woman who loses her earnings because of pregnancy. Her employer must grant her leave of absence and must give her back her job at the end of her confinement period. This will complement the provisions of this bill.

I should like to speak for a moment about the White Paper published in 1970 and presented to Parliament. It was an unusual White Paper in that it was easy to read. White Papers are usually rather stuffy. This one happened to be particularly easy to understand. From looking at it, honourable senators will obtain an adequate bird's eye view of the rather formidable bill now before us.

It was proposed in the White Paper, and it is now proposed in the bill, to extend the categories of workers covered. The bill prescribes universality of coverage. It is proposed to cover all members of the labour force and to insure them against temporary interruption of their earnings from employment.

It is proposed in the bill that the number of workers covered will increase by 1,250,000, or from 5,250,000 to 6,500,000, approximately 96 per cent of the workers.

The second proposal of the White Paper was that the bill should reduce the qualifying period for benefits from 30 weeks to as low as eight weeks in certain circumstances. I am informed that under the present requirement of 30 weeks to qualify for unemployment insurance, hundreds of thousands of workers are deprived of the opportunity to participate in the program.

Hon. Mr. Flynn: Do you mean a person has to be 30 weeks out of work?

Hon. Mr. Connolly (Ottawa West): The result is that instead of drawing unemployment insurance, to which contributions have been made, these people, because they have not had a 30-week attachment to the work force, go on welfare. A continuation of that is undesirable.

Hon. Mr. Flynn: I was not sure of your meaning when you said "30 weeks." You later qualified that by saying "30 weeks of work."

Hon. Mr. Connolly (Ottawa West): That is under the present law.

Hon. Mr. Flynn: Not unemployment.

Hon. Mr. Connolly (Ottawa West): Thirty weeks of employment is required before a person can qualify for unemployment insurance under the law as it exists today.

It was proposed by the White Paper to increase the benefits from 43 per cent of the weekly earnings, with a maximum of $58 a week, to 66-2/3 per cent of the weekly earnings, with a maximum of $100 per week. In the case of a man with dependants it would be 75 per cent of his weekly earnings.

The White Paper also proposed that absence from the work force because of sickness and pregnancy should be

recognized as a basis for qualification. People who are qualified to receive benefits under the Canada Pension Plan and the Quebec Pension Plan—that is to say those who are retired between 65 and 70 years of age, as well as those over 70 years of age—should not be allowed to qualify for unemployment insurance. The White Paper also removed the self-employed, except fishermen. I have already referred to the fact that they will be temporarily included until a better plan can be devised. The White Paper also suggested removing all seasonally unemployed. This proposal is in view of the short qualification period that is now proposed.

The White Paper also suggested that additional benefits be provided, at public expense, in cases where the national unemployment rate exceeds 4 per cent. In this case the Government, out of the Exchequer, will pay the full costs. It is also proposed that additional regional benefits should be paid if the regional rate of unemployment exceeds the national rate of 4 per cent by one per cent or more.

Hon. Mr. Walker: May I ask a question? If one qualifies by working 16 weeks and receives two-thirds of the wage received before becoming unemployed, how long does this benefit continue?

Hon. Mr. Connolly (Ottawa West): Senator Walker, allow me to telescope my remarks by simply saying that a man who has had an attachment of 16 weeks in the labour force, and then becomes unemployed and draws unemployment insurance, will be entitled to eight weeks plus one, which is nine weeks. If he is not employed at the end of that period he could qualify for 10 additional weeks of benefit. He could further qualify for additional benefits depending upon how much the national unemployment rate exceeds 4 per cent of the labour force. If he is in a region where there is particularly high unemployment, and the regional rate is one per cent greater than the national rate which is over 4 per cent, then he can qualify for additional benefits.

It will be much simpler, however, having answered the question, if I say that as I proceed with my analysis of the bill I will deal a little more precisely with Senator Walker's point. I hope that is satisfactory.

Hon. Mr. Walker: Thank you very much.

Hon. Mr. Connolly (Ottawa West): I am afraid that what I have said is confusing.

I should tell honourable senators that the White Paper proposed that the employer's contribution should not necessarily be on a parity with workers' contributions. They would be related to the employer's lay-off record. His contributions would be higher if his lay-offs in a given period were more frequent; lower if his work period was stable. This proposal would remove a burden carried by the efficient employers. In other words, the cost will lie where the risk is.

The bill proposes, incidentally, that in 1972-73 the employer rate of contribution to the unemployment insurance account will be 1.4 per cent of the contribution made by the worker.

I should point out that the White Paper proposed that benefits paid under the Unemployment Insurance Act be taxable, and that the contributions be tax-deductible.

Hon. Mr. Flynn: That was also in Mr. Benson's White Paper.

Hon. Mr. Connolly (Ottawa West): Yes, I think so. However, I am only discussing one White Paper now. I do not think I should attempt to take on the other one. I think the Leader of the Opposition will probably agree that one at a time is enough; perhaps one is enough, period.

Hon. Mr. Flynn: This one is enough.

Hon. Mr. Connolly (Ottawa West): The claimant assistance program was also suggested in the White Paper and I will have a little more to say regarding that when I deal with the bill. Generally speaking, however, its purpose is to assist people who are on unemployment insurance to become re-employed by obtaining new jobs and even better jobs.

It is thought that as a result of the use of the claimant assistance program, a pilot program having been conducted in Hamilton quite recently, the savings in welfare costs by restoring those on unemployment insurance to the labour stream could amount to as much as $80 million a year in welfare costs. One-half of this amount would be a saving to the provinces, and the other half to the federal authorities.

The claimant assistance program will be particularly useful to young people, so many of whom are now joining the work force. Young people are adaptable and perhaps they can be convinced or cajoled into working in other than the particular area of work in which they were engaged when they became unemployed.

The White Paper also recommended that the salary ceiling, which is now at $7,800, be abolished. It is proposed that all salaried persons shall be covered by unemployment insurance.

While I have said that I was attempting to give a general review of the historical side of unemployment insurance, by referring to the White Paper I have also indicated a good many of the provisions in the bill now before the Senate. Consequently, I might be able to reduce the comments I have to make upon the bill.

The earlier parts of the bill deal with the interpretative clauses. The definition clause includes the definition of insurable employment, and has the effect of providing in every case for an identifiable employer. Certain "excepted" employments are defined. People in receipt of Canada Pension Plan benefits are excluded from the operation of the bill. Casual workers are also excluded. Work done by dependants of the employer is not to be counted as work that can be insured. Work done for international organizations and work done by barter are also excepted.

Provincial governments will be allowed to cover their workers. They have an option. If they decide to enter the scheme they must enter for all of their employees and

not, as they may under the existing act, pick and choose. Where they chose to contribute for the risky cases and not for those permanently established, very often the risky jobs became vacant so that the unemployment insurance fund was taking up the slack for the provincial government. That is out the window now. They will have to cover all their employees, or none. I understand that so far no province has said "No" to the proposal that they enter the scheme. All of these exceptional cases, of course, can be dealt with by regulation as required.

Part I of the bill deals with the Unemployment Insurance Commission. This is in the present law. Under this part of the bill there is to be a chairman, and now there is a very able chairman in the person of Mr. DesRoches. There are to be two commissioners. The bill provides for the tenure of office, for the removal of any member of the commission, for a quorum, that the headquarters be in the National Capital Commission region, and also for administration. I think there is no special need for me to take up the time of the Senate in discussing this part of the bill.

The heart of the bill is in Part II, which deals with benefits in clauses 16 to 58. Eligibility for benefit is a factor of the length of the work period of the worker in the previous 52 weeks before he lost his source of earnings. There are two categories of claimants provided in the bill. One is called the "major attachment claimant." He has worked 20 or more weeks in the previous 52 weeks. The other is the "minor attachment claimant." He has worked from 8 to 19 weeks in the previous 52 weeks.

What are the benefits these people are to get? First of all, in both categories, where earnings are interrupted, they must wait for two weeks to draw benefits. It takes that time for the claims to be submitted and the processing of the papers to be carried out. The regular benefits are to be paid in what the bill describes as two periods. First of all there is the "initial benefit period." This is the period in which a man whose earnings cease qualifies under the bill. A major attachment claimant, a man who has had 20 weeks attachment to the labour force in the previous 52 weeks, will be covered for a period of 15 weeks.

A minor attachment claimant, a man who has had 8 to 19 weeks in the labour force in the previous 52 weeks, will be covered for eight weeks plus one week for each week between the 15th and 19th weeks, another five weeks, so he could get 13 weeks of coverage, having been in the labour force for nineteen weeks.

If after this initial benefit period a worker is still unemployed, he enters what is called the re-established benefit period. Whether he is a major attachment claimant or a minor attachment claimant, he can qualify on the basis of his previous service in the labour force for an additional 10 weeks of benefits. But he does not have to submit a new application. There is control, and he does not have to wait for two weeks a second time. His benefits flow through into the re-established benefit period. During the initial and the re-established period he can take temporary employment, and he can take it during a total of 39 weeks under the bill from the time he first became unemployed. Thus he can be in and out of the labour force in this period of 39 weeks without having to re-submit his application, and wait for an additional two weeks. In other words, the clock runs for 39 weeks for him. This is an incentive for him to stay in the labour force as long as he can, and disqualify himself perhaps for a week or so because he has work. Then if he loses work temporarily, or his job folds up, and he wants to go to another job which has not opened up, he can come back into pay under the bill and then go to another job. He can earn up to 25 per cent of his benefit level every week, and this will not affect the amount of his benefit drawing. He can, of course, earn his full salary or wage for a certain number of weeks, in which case he will not draw unemployment insurance. After that short period is over he can come back and get his benefits.

Let me now say a word about sickness, maternity and retirement. The provision for sickness benefits extends over a period of 15 weeks, and for maternity also to a period of 15 weeks. These benefits are only available to people who have had a major attachment to the labour force; in other words, people who have worked 20 weeks in the previous 52.

The retirement benefits are very minor. They are payable to people who begin to receive the benefits of the Canada Pension Plan or the Quebec Pension Plan. They get three weeks of benefits from Unemployment Insurance, without any waiting period. In other words, it is paid to them as soon as the papers can be processed.

The maternity benefit is paid on the basis of nine weeks before confinement and six weeks after confinement. I understand that this is a formula which is pretty universally accepted in the application of maternity cases to unemployment insurance.

Honourable senators, I come to the point on which Senator Walker asked a question earlier in the debate. It deals with extended benefits. These benefits are predicated on the national unemployment rate. These benefits are to be wholly paid from the Consolidated Revenue Fund and none of them will be paid from the account that is built up by employer and employee contributions. If the national unemployment rate is over 4 per cent, people on unemployment insurance will get an additional four weeks of coverage. If it is over 5 per cent, they will be entitled to an additional eight weeks of coverage. If the regional unemployment rate is over 4 per cent and exceeds the national unemployment rate by one per cent, then these people will be entitled to six additional weeks of coverage. If it exceeds it by 2 per cent, it will mean twelve weeks' coverage, and if it exceeds by 3 per cent, eighteen weeks' coverage. I do not ask honourable senators to do all the arithmetic, because there is a ceiling established in the bill. By that, the maximum benefit that can be received cannot exceed 51 weeks, regardless of what combination of benefits could be devised under the act. This is the absolute maximum. In other words, 51 out of the 52 weeks of the year could conceivably be covered, but no more. I understand that the average duration of a claim is about 14 weeks.

I have already mentioned the rate of benefit. For a single person it will be 66⅔ of his earnings, with a maximum of $100 a week. For a person with dependents, it

will be 75 per cent of his earnings, after a 15 plus 10-week period, that is, after the 25 weeks has elapsed. This is principally because in the earlier period it was not thought desirable to cover him for deferrable expenses. By the time a man has been out of work for 25 weeks, almost any debt becomes non-deferrable. But the limit remains at $100 per week.

I already said that there is a two-week waiting period before the first benefit is paid. I may have said that the earnings which can be made while on benefit, if they are in excess of 25 per cent of the benefit, are deducted. If there are benefits paid under provincial law or under any public law in respect of sickness, workmen's compensation, and so on, these will either reduce or eliminate the sum of the payments for benefits made as a result of the passage of the bill.

There are no benefits to be paid if the unemployment is caused by a labour dispute. In other words, these moneys are not to be used to finance either strikes or lockouts. No benefits can be made to an inmate of a prison or a penitientiary while he is such an inmate.

The benefits under the Unemployment Insurance Act are not assignable except in one case. It will be arranged by regulation that when, for example, under a welfare scheme operated by a provincial government, welfare is paid to a person who is unemployed, it will be possible for the Commission under the Unemployment Insurance Act to assign to the provincial authority in this case the amount that he would receive in the given period.

Hon. Mr. Walker: May I ask the honourable senator a question? With benefits of two-thirds for a single person and 75 per cent for a married man, and benefits extending sometimes up to 51 weeks in the calendar year, there is not much incentive to work, is there?

Hon. Mr. Connolly (Ottawa West): I think there is. Today, $100 a week for a single man, especially a man who has been earning $150 or more, is probably not much more than is necessary to get him by. I do not think the quantum of the benefits is out of line. The fact that a man can go in and out of the stream of benefits—work a bit when he can find work and still not disqualify himself for benefits—will provide an incentive to people who are under the act, to try to make themselves more self-sufficient than they would otherwise be. In other words, I do not think this works as a welfare scheme. The whole thrust of the bill is to take it out of the realm of welfare.

When we come to consider the question of assistance to claimants, we find the program of providing information and guidance and assistance to claimants under the bill, to enable them to become re-employed. In my humble opinion, this has a very real meaning for the proper operation of this kind of legislation. It will have the effect of avoiding the situation which Senator Walker is concerned about, and which would concern me very much, too.

There is a real thrust to be made on claimant assistance programs, which will try to re-introduce these people into the labour force on a permanent basis. It will also have a good deal to do with getting people into employment of a better character than the employment they had been in before they became unemployed.

Part III deals with contributory premiums. In 1972 the maximum weekly insurable earnings will be $150 a week. In later years the $150 will be modified by a formula in the act and will probably be a little higher. The formula which determines the maximum weekly insurable earnings is based on the earnings index as described in clauses 59 and 60 of the bill. It is a factor in the rise of the average earnings of the individual.

The employee rates are to be struck annually by the Unemployment Insurance Commission. The rules that they will follow are set out in clause 62 of the bill. It is expected that the employee rate will be approximately .9 per cent of the insured earnings. Translated into examples, if the maximum pay of the man is $150 per week, the premium should be $1.35 per week.

The employer rate is fixed in the bill at 1.4 times the employee rate. That will be the rate at which employers will pay until 1974. By 1974 some experience will have been developed on what the employer's record of employability in his business has been. For larger employers, in other words firms whose earnings are over $78,000, the amount of the employer's contribution will be based upon the experience rating formula. As I have said already, this is to be based upon the lay-off record.

There will be excluded from consideration employees such as students, people who quit voluntarily, people who retire, and sickness and maternity cases. All of these types will be excluded from the computation to determine the lay-off record of a given employer. His record will be related to his average yearly lay-off history. It is going to be governed by regulation, but the more lay-offs he has had in a given period the higher will be his rate. It will never be more than twice the rate of contribution made by the employee.

As I said, there will be two years of consultation among the Unemployment Insurance Commission, the advisory council and employers to work out a satisfactory procedure for determining the employer contribution.

Part IV deals with the collection of premiums. The onus is on the employer to deduct the premiums and to remit these to the Receiver General. The Minister of National Revenue will administer the collection of the premiums. He has the same powers under this act as he has under the Canada Pension Plan Act. The minister may assess the employer for the amount he should be paying on his own account and the amount he has deducted from his employees to be paid into the account. The employer is required to keep records and to submit to audits.

As a result of this act and its provisions, and the Canada Pension Plan Act and the provisions of the Income Tax Act, there will now be one minister or one department making the collection and audit for the Income Tax Act, the Canada Pension Plan contributions, and the Unemployment Insurance Act. This will result in fewer audits and there will be one place, one department,

one ministry, with which the employer can deal. I am sure that will be considered desirable as far as management generally is concerned.

Hon. Mr. Walker: Which minister will that be?

Hon. Mr. Connolly (Ottawa West): The Minister of National Revenue in every case.

There are provisions in this bill with respect to overpayments by employers and by employees. There are provisions with respect to the acceptance of contributions by banks. There are provisions, too, for the laying of informations or complaints. There are clauses dealing with the proof required for non-compliance with the act, and there are clauses with which honourable senators are familiar in the present law respecting appeals. There is an appeal to the umpire, who is a judge of the federal court. These appeals to the umpire are from a minister's decision. The decision of the umpire is final on matters of fact, but on questions of law there is a further appeal from the umpire's decision to the Pension Appeal Board.

At the present time the fund contains $356 million. It is proposed that since this money is not the money of the Treasury of Canada but is the money that has been contributed by employers and employees equally, it should be used to finance a special preferred rate for the million and a quarter or more new entrants.

There will be no more unemployment insurance fund as we know, which is perhaps salutary. It has always been rather a political football. Moreover, it is obvious that at the present time with $356 million in the fund there is no need to have this fund built up. That is particularly true when the benefits can be paid out of an account and financed in the manner I have just described.

Hon. Mr. Burchill: Does the Government make any contribution?

Hon. Mr. Connolly (Ottawa West): The Government makes its contribution only after the unemployment rate goes over 4 per cent. Everything over 4 per cent is paid for by the Government out of the Consolidated Revenue Fund.

Hon. Mr. Walker: How did they get such a large amount in the fund at this time?

Hon. Mr. Connolly (Ottawa West): I guess the answer is: it is there.

Hon. Mr. Walker: That is the answer of Solomon.

Hon. Mr. Smith: Ninety-four per cent of the labour force is employed.

Hon. Mr. Connolly (Ottawa West): In January of 1958 the fund was $838 million, and that is the high for the period for which I have figures. The low was a debit position in May of 1963 of $37 million. There was a debit position of over $30 million in May of 1964. Unemployment was heavy. Then the fund began to rise, reaching $545 million in 1969. In January of 1970 it was $525 million, and in May of that year, because of the great drain of the winter, it was down to $394 million. At the present time it amounts to approximately $356 million. Why is it that low? Because of the unemployment.

The administrative provisions beginning at page 69 of the bill need not concern us greatly. They are generally in the same terms as those of the present act. I have already spoken about appeals. The original decisions under the law will be taken by an insurance officer. These will be decisions covering benefits, coverage, and that sort of thing. These decisions can be appealed to a board of referees which consists of a chairman, locally selected, and two other local people, who will be representative of management and employees. From these boards of referees appeals can go to an umpire or, if there is a point of law involved, to the Pensions Appeal Board.

Honourable senators, I think it is unnecessary for me to discuss further the Claimant Assistance Program as I think I have done as much as is necessary in response to Senator Walker's question. However, if any further information is required on this program, we can certainly get it in committee.

The financial provisions are set out in Part VI of the bill. The Unemployment Insurance account will be a segment of the Consolidated Revenue Fund. From this account will be paid benefits required to be paid when the unemployment rate is up to 4 per cent of the national average. It is a cash flow arrangement. It is actuarially sound on a one-for-one basis. The state of the account will be shown in the national accounts each year and so will be open to public scrutiny.

Part VII of the bill deals with the employment service administered by the Minister of Manpower and Immigration. This is the same as in the present act.

Part VIII of the bill deals with transitional and repeal provisions and covers the interim period and the transitional period after the bill becomes law.

Honourable senators, I commend the bill to the Senate. I apologize for having taken so long in explaining it, but it is a complicated piece of legislation and it had to be done. I think this is a bill which will work for the benefit of many Canadians. At the appropriate time I shall move that it be referred to the appropriate committee of the Senate.

On motion of Hon. Mr. Macdonald, debate adjourned.

AIR CANADA

MOTION TO REFER ANNUAL REPORT TO NATIONAL FINANCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher: That the Standing Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.—(Honourable Senator Hays, P.C.).

Hon. Leopold Langlois: Honourable senators, on behalf of honourable Senator Hays, may I ask that this order stand until Monday next, June 21?

The Hon. the Speaker: Honourable senators, is it agreed that this motion shall stand adjourned in the name of honourable Senator Hays until Monday next, June 21?

Hon. Senators: Agreed.

Order Stands.

DOCUMENT TABLED

Leave having been given to revert to Presentation of Petitions:

Hon. Leopold Langlois tabled:

Annual Report to the Governments of the United States and Canada by the Columbia River Treaty Permanent Engineering Board for the period October 1, 1969 to September 30, 1970. (English text).

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 17, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN COMMONS GALLERY

The Hon. the Speaker: Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place tomorrow, Friday, June 18, 1971 at 5 o'clock in the afternoon.

May I be permitted to remind honourable senators that none but senators will be admitted to the Senate gallery of the other place on that occasion. This is for the purpose of providing accommodation in the gallery for as many honourable senators as possible. However, in view of the fact that the Senate is not sitting tomorrow, it might well be that some seats in our gallery will be unoccupied. If that is so, some guests could be admitted with a pass signed by an honourable senator. Even so, there is no assurance that there will be sufficient room in the gallery to accommodate all guests. It will depend on the attendance of honourable senators. The principle is that tomorrow, for the budget speech, priority will be given to honourable senators.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Breau, Gibson, Osler, Hogarth and Roy (Timmins) have been substituted for those of Messrs. Chappell, Foster, Harries, Marchand (Kamloops-Cariboo) and Watson on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Budget Papers presented by the Minister of Finance for the information of Parliament in connection with the Budget for 1971-72, as follows:

Part I—Economic White Paper for 1971

Part II—Review of Government Accounts 1970-71.

FORT-FALLS BRIDGE AUTHORITY BILL

REPORT OF COMMITTEE

Hon. J. Campbell Haig, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill S-14, respecting the construction of an international highway bridge between Fort Frances, Ontario, and International Falls, Minnesota, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. McDonald moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CONSTITUTIONAL CONFERENCE

RETURN OF GOVERNMENT LEADER—QUESTION

Hon. Jacques Flynn: Honourable senators, I was going to ask the Leader of the Government (Hon. Mr. Martin) if he intended to report today on his trip to Victoria, but I see that he is not here. Perhaps the Deputy Leader of the Government (Hon. Mr. McDonald) could inform us when we might expect to see the honourable leader back in the house.

Hon. A. Hamilton McDonald: I understand Senator Martin will be returning to Ottawa this evening at approximately six o'clock. I presume he will be available for such questions at the next sitting, at which time he will very likely give his report on the meeting in Victoria.

PUBLIC BILLS

SUSPENSION OF RULES

On the Order:

Resuming the debate on the motion of the Honourable Senator Langlois, seconded by the Honourable Senator Smith: That from now until and including 30th June, 1971, Rules 44(1)(f), 45(1)(b) and 45(1)(c) be suspended in so far as they relate to public bills. —(Honourable Senator Flynn, P.C.).

Hon. Jacques Flynn: Honourable senators, I will yield to the Deputy Leader of the Government.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Langlois should speak now instead of Senator Flynn?

Hon. Senators: Agreed.

Hon. Leopold Langlois: Honourable senators, after the debate which took place yesterday on my motion, I have had an opportunity to consider the remarks made by

Senator Grosart. Although I am inclined to believe that his suggestion to suspend Rule 78 in addition to Rules 44 and 45, as originally suggested, is superfluous, nevertheless, in order to eliminate all possible doubt I will accede to his proposal. Therefore, with leave of the Senate I will withdraw my original motion and replace it by the following:

That from now until and including Wednesday, June 30th, 1971, Rules 44, 45 and 78 be suspended in so far as they relate to public bills.

Since I made a commitment yesterday to inform the house today of the legislation for which royal assent will be required before the adjournment, here is the list:

C-219, to establish the Canada Development Corporation;

C-229, respecting unemployment insurance in Canada;

C-228, to amend the Canada Labour (Standards) Code;

C-238, to amend the Canadian Wheat Board Act;

C-239, to amend the Prairie Grain Advance Payments Act;

C-240, to amend the Post Office Act;

C-243, to amend the Judges Act and the Financial Administration Act;

C-244, respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes;

C-246, respecting pilotage;

C-224, relating to ambient air quality and to the control of air pollution.

As I informed the Leader of the Opposition this morning, there is some doubt that the last bill, C-224, will reach us before the adjournment. The list represents all the legislation on which royal assent will be required before we adjourn Wednesday, June 30.

Hon. Mr. Flynn: To this list we should add Bill C-249, for granting to Her Majesty certain sums of money. Is that interim supply, and for how many months?

Hon. Mr. Langlois: That is the main supply.

Hon. Mr. Flynn: Has this been referred to the National Finance Committee?

Hon. Mr. Langlois: Yes. It was considered last week by the National Finance Committee.

The Hon. the Speaker: The honourable Senator Langlois has asked leave to withdraw his motion standing as item No. 3 on the Order Paper. Has the honourable senator permission to withdraw his motion?

Hon. Senators: Agreed.

The Hon. the Speaker: Has the honourable Senator Langlois leave of the Senate to put his second motion?

Hon. Senators: Agreed.

23351—73

The Hon. the Speaker: With leave of the Senate, it is moved by the honourable Senator Langlois, seconded by Senator McDonald:

That from now until and including June 30, 1971, Rules 44, 45 and 78 be suspended in so far as they relate to public bills.

Is it your pleasure to adopt the motion?

Motion agreed to.

UNEMPLOYMENT INSURANCE BILL, 1971

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Connolly (Ottawa West), for second reading of Bill C-229, respecting unemployment insurance in Canada.

Hon. John M. Macdonald: Honourable senators, I am sure that we are all indebted to Senator Connolly for the able and lucid explanation of Bill C-229 which he gave yesterday. The bill is a long and somewhat complicated one, and parts of it are difficult to follow without having an explanation such as that given by Senator Connolly.

It is not my intention at this time to discuss the bill in any detail, but I should like to mention some of the proposed changes which are of vital interest to those who must of necessity, and through no fault of their own, depend upon unemployment insurance to provide them with the necessities of life when their earning power ceases because of lack of employment.

As honourable senators are aware, unemployment insurance is simply a means whereby a person is provided with some financial protection when his or her employment is temporarily disrupted and the income from such employment ceases. The principle of such insurance is simple and praiseworthy, and has been in effect for some time.

Senator Connolly explained the history of unemployment insurance in Canada and its beneficial effects. We were comparatively late in entering this field. I do not know when or where unemployment insurance was first introduced, but I do know that it was introduced in a few selective industries in England back in 1911. The need for this type of insurance in Canada had been made abundantly clear during the years of the great economic depression. However, it could not have been put into effect until the economy was on the upswing, as it was in 1941 due to war production.

Now, as I understand it, the bill before us is the first major overhaul of this act. It is only to be expected that after 30 years a major overhaul is desirable. While many changes have been made, I think the two most important are the increase in benefits and the extended coverage. Indeed, these two provisions are so interrelated that they could almost be treated as one.

The bill proposes to increase substantially the benefits a person covered by the act can receive. There will be a more direct relationship between the benefits received

and the level of a person's income. As has been explained, under the new system a person receives 66⅔ per cent of his average earnings in certain cases, and 75 per cent under certain circumstances. This is, of course, a vast improvement over the present system. However, I do think that too much has been made outside Parliament of the fact that it will be possible for a person to receive $100 per week from unemployment insurance. Unfortunately, I believe the impression has been created that this would be the common benefit. Actually, a person's income would have to be $150 per week or more before he could receive that benefit.

As has been stated, the new act provides for increased benefits and at the same time for fewer contributions and lower premiums. Obviously this cannot be done without a great deal of new money coming into the system from somewhere. This new money is being obtained by bringing under the act groups of workers who have but a slight risk of widespread unemployment, or indeed any unemployment. These new groups include government employees, teachers, hospital workers, armed forces personnel, nurses, police forces and professional athletes.

I think it is obvious that unemployment is not a high risk for these groups, but I have heard the argument advanced that it is to their benefit that they be brought under the act. Well, I can hardly bring myself to believe there is much danger of anything less than a major economic depression which would adversely affect their employment. I prefer the statement which I think was made by the Minister of Labour himself, that the universality of coverage, which adds 1,160,000 members to the plan, in some respects calls upon the good will and responsibility of more fortunate, better placed Canadians towards those who, through lack of education and opportunity, are in less secure occupations and on such grounds the extended coverage is justified.

I believe a good feature of the new act is the lowering of the qualifying period. I must say that I was surprised to read in the evidence given by Mr. D. J. Steele before the Labour, Manpower and Immigration Committee of the House of Commons that by reducing the qualifying period to eight weeks another 200,000 people will qualify who are now disqualified. I expect that these people are at the lowest salary level. It might well be that they will only qualify for the minimum benefit of $20 per week. If this be so, then I do believe they should be given some kind of preferential treatment, even though we would have to bend the insurance principle once more to do so. And if I am right in thinking that these people are the working poor, then they must be getting welfare now and very probably the amount of any unemployment benefits paid to them would be deducted from such welfare payments so that their financial situation could remain the same.

Yesterday Senator Connolly mentioned that perhaps as much as $80 million a year will be saved in welfare costs when the new act is in operation. While this is important to those who are paying the welfare costs, it will be of no benefit to those receiving welfare if the payments they receive remain the same.

[Hon. Mr. Macdonald.]

Senator Connolly also touched on the waiting period of two weeks that must elapse before benefits are paid. The impression I got from his explanation was that such time was necessary to process the account. But that is not the reason given before the Labour, Manpower and Immigration Committee of the other place by the same Mr. Steele, who I should mention is Director General of the Planning, Finance and Administration Branch of the Unemployment Insurance Commission. He mentioned that people laid off could usually get along for this period because they would perhaps have some pay coming to them as vacation pay, separation pay, wages in arrears and things of that kind, which I think is a very poor reason. However, he went on to say,

> The reason for going to a two-week waiting period is that it in fact saves $160 million, and will therefore reduce the contribution costs.

He was then asked, "How can you save $160 million?" His reply was:

> That is the extra cost of paying benefits for the second week of the waiting period. If we did not have a two-week waiting period, if we had a one-week waiting period, the costs of paying benefits would rise by $160 million in 1972.

Honourable senators, I am not concerned about those who receive $100 a week from unemployment insurance; perhaps they can be expected to provide for themselves for a couple of weeks. I am concerned about those who may be receiving between $20 and, say, $50 a week. They should not have any waiting period. Probably many of them will have to apply for welfare for those two weeks. It would appear to me that we are being informed that $80 million will be saved by the welfare fund, yet we do not know how many more dollars will have to be paid out from welfare on account of this waiting period.

One could discuss many other features of this bill, but I do not propose to do so at this time. I do wish to make one comment on the so-called merit system regarding employers' contributions. My own attitude is that I am not satisfied that its advantages outweigh its disadvantages, at least at the present time.

Unemployment insurance is of vital interest to many people. The bill itself will not have wide distribution, and even if it did it would be very difficult to understand. I hope that the Department of Labour will prepare a pamphlet or booklet explaining the bill, which can be given wide distribution. The booklet we received today, presented by the Minister of Labour, entitled "Unemployment Insurance in the Seventies", is a very good and interesting publication. It contains much useful information, and is helpful to a good understanding of the whole matter. However, a smaller one will be needed for general distribution, and I hope one will be prepared as soon as possible.

As Senator Connolly mentioned, details concerning the various clauses of the bill can be discussed in committee, but since we are approaching the time of adjournment I expect a long study will not be possible. Fortunately, I do not think one is necessary, as the committee of the other

place had both the time and the inclination to go over the bill in detail. We have the reports of their deliberations, which make very interesting and instructive reading.

I close on this note, honourable senators. Unemployment insurance is helpful, yes, but our aim should be to make unemployment insurance unnecessary. I hope that when the Minister of Finance brings down his budget tomorrow night he will introduce some new incentives so that employment will be stimulated and unemployment insurance will not be as necessary as it is at the present time.

Hon. Mr. Connolly (Ottawa West): May I ask the honourable senator a question? Did he say that in view of the long study given this bill by the committee of the other place it might not be desirable to have the bill go to a Senate committee? Is that the general consensus?

Hon. Mr. Macdonald: I am sorry if I gave that impression. I did not say that. I think it will have to go to a committee of this house, but I do not think it will be possible for our committee to give it the detailed study it received in the other place. Indeed, I do not think it is necessary, because if I remember correctly, as indicated in the printed proceedings, this question was examined by the committee of the other house on eleven different occasions.

On motion of Hon. Mr. Haig, for Hon. Mr. Welch, debate adjourned.

ADJOURNMENT

Leave having been given to revert to Motions:

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, June 21, 1971, at 8 o'clock in the evening.

The Hon. the Speaker: Has the honourable Senator McDonald leave to proceed with this motion?

Hon. Senators: Agreed.

Hon. Mr. McDonald: Honourable senators, Senator Langlois advised the house a few moments ago of those pieces of legislation we would like to be able to deal with before the summer recess commencing on June 30. I would further advise the house that there are four pieces of legislation which we would like to be in a position to deal with by Tuesday next. They are Bills C-228, to amend the Canada Labour (Standards) Code; C-239, to amend the Prairie Grain Advance Payments Act; C-240, to amend the Post Office Act, and C-246, an act respecting pilotage.

Motion agreed to.

APPROPRIATION BILL NO. 3, 1971

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-249, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1972.

Bill read first time.

Hon. Mr. McDonald moved that the bill be placed on the Orders of the Day for second reading on Monday next.

Motion agreed to.

The Senate adjourned until Monday, June 21, at 8 p.m.

23351—73½

THE SENATE

Monday, June 21, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

POVERTY COMMITTEE

ARTICLE BY FORMER STAFF MEMBERS—QUESTION OF PRIVILEGE

Hon. David A. Croll: Honourable senators, I rise on a question of privilege affecting members of the Senate.

You will recall that on April 20 last, at the first sitting after the Easter adjournment, I reported to the Senate on the resignations of four staff members whom the Special Senate Committee on Poverty had hired to assist in writing the committee report, and the effect which those resignations would have on the report itself and its publication.

In my statement at that time, I described the events leading up to the resignations and I placed on record the agreement and contract that those four staff members had signed as a condition of their employment by the committee. For the purpose of refreshing your memory I will quote from Hansard of April 20:

> These are the terms of employment, the conditions under which they were engaged. This is the document to which each subscribed, and I quote:
>
> > It is understood and agreed that this agreement is a contract for the performance of a service and that the contractor is engaged as an independent contractor providing services to the Senate of Canada and is not engaged as an employee of the Senate of Canada.
> >
> > The Contractor shall treat as confidential, during as well as after the rendering of the services contracted for, any information of a character confidential to the affairs of the Senate of Canada to which he becomes privy as a result of his acting as a Contractor.

At the time I made this statement I was not aware that the contract was signed by only three, Adams, Hill and Cameron. Peter Penz, the fourth member, was then, and is now, a public servant. He was seconded to the committee and was paid by the Department of Manpower and Immigration with an additional honorarium from the Special Senate Committee on Poverty. He did not subscribe to the agreement for employment, but he took the oath of allegiance and the oath of office and secrecy, which is usual for the public service. This, indeed, he did on October 27, 1965, when he entered the employment of the Government.

The oath of allegiance reads as follows:

> I do swear that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth the Second, Her Heirs and Successors according to law. So help me God.

The oath of office and secrecy reads:

> I solemnly and sincerely swear that I will faithfully and honestly fulfil the duties that devolve upon me by reason of my employment in the Public Service and that I will not, without due authority in that behalf, disclose or make known any matter that comes to my knowledge by reason of such employment. So help me God.
>
> Sworn and subscribed before me at Ottawa, Ontario, 27th day October—

I cannot make out the name of the man who took the affidavit, but Penz' signature is quite clear.

At that time I also quoted from page 652 of the 17th edition of *May*:

> It is a breach of privilege for any person to publish any portion of the evidence given before, or any document presented to, a Select Committee before such evidence or document had been reported to the House.

At the same time, I pointed out that all resource and research material gathered by the committee staff was the property of the committee. The taxpayers had paid for it, the rights to it were vested in the committee, and any use of this material directly or indirectly would be a grave misuse of confidential and privileged documents.

To make sure that my statement would be brought to their attention, copies of Senate *Hansard* of April 20 were mailed to each of the four who had resigned, and registered letters were also sent to each of them requesting them to return any material belonging to the committee they might have in their possession. No acknowledgements or replies were received in respect of either the copies of Senate *Hansard* or the registered letters.

This morning, honourable senators, a publication appeared containing an article dealing with poverty, authored by these same four individuals, and printed by one of the underground presses at Montreal. The authors take the position that the information was gathered at the expense of the Canadian public, belongs to the Canadian public and no Senate committee has the right to prevent its publication. Moreover, they said, and I quote:

> We believe that in going ahead with our work we are participating fully in the process of democracy in rejecting one of the diseases of our time: the belief that the technicians are blind technocrats who must follow political direction as if they had no mind, spirit or ethics of their own.

These men have the gall, the audacity to speak about ethics when what they are doing is a most flagrant breach of trust, if not worse.

It is a grave reflection on their concept of ethical conduct and it is a serious breach of faith, to put it in the mildest terms. They had no right to do what they did and they knew that what they were doing was wrong. Nevertheless, they did it because they thought they could get away with it.

It is a very disquieting situation. This misdeed has now been done. The principle is not one that will be ignored or lightly considered. Indeed, it is a breach of privilege that in my view goes to the very heart of our parliamentary system. There is not the slightest doubt in my mind that the report published by these people is based on the work that they and others did when they were employed by the Senate Committee on Poverty. The quotes are so obvious that I recognized them without any difficulty. They were paid for their work and they solemnly undertook not to release any information they received before the Senate report was issued.

I am sympathetic towards the impatience of young people for action, but it is hard for me to condone behaviour that involves breaking contracts and ignoring oaths of secrecy. I do not believe that ethics have gone out of style, and both my colleagues and myself believe that unethical conduct does very little to aid the cause of the poor in this country.

Despite their outrageous conduct and their shocking behaviour, we are not going to get involved in a slanging match with them. We have a report to prepare, for which the poor are waiting. Once the committee's report is properly presented to the Senate, the authors will have the same right as any other citizen of disagreeing with its recommendations. No one is denying them or anyone else that privilege.

With respect to the report itself, as I said before, it is a matter of great regret to the committee, and to myself particularly, that it cannot be tabled before the summer adjournment, which was our original target date. When we hired these four staff members last January, it was our hope that it would be tabled before the Easter recess. The delay has been prolonged still further because they led us to believe that they had completed certain assignments for which they were paid in good faith, but which we discovered had not been done at all. They had a game plan of their own.

In no way is the committee at fault. The departure of these employees involves a more extensive job of rewriting, and also greater delay in the finalization of the report, than perhaps I realized when I last referred to this matter in the Senate.

Any honourable senator who has been involved in the production of committee reports will understand what I am talking about. Nevertheless, a great deal of the ground which was lost has been recovered and the committee is persisting in its efforts to finalize its report. The gaps in research work are being filled in, and various parts of the report are in the process of being organized and fitted together, and it should take shape around mid-July.

Senator Carter and I have gone over most of the research and draft material several times. We shall continue working at it during the summer. A meeting of the full committee has already been called for July 15 and 16 to revise and approve whatever has been completed by that date. Subsequent meetings will be called during the summer as the need arises. We hope to be able to table the report when the Senate reconvenes in September.

Hon. Jacques Flynn: Honourable senators, I was not aware that Senator Croll would raise this question and I did not read what was published by these former employees of the Special Senate Committee on Poverty. This is a most serious matter and I would like to read carefully what Senator Croll has said before just letting this matter go. If it is as important and serious as I gathered while listening to Senator Croll tonight, some action should be taken by the Senate. Because of that I wish to adjourn this matter until tomorrow, in order that I may have the opportunity to think it over.

A formal motion to refer this matter to a special committee may be advisable because normally the Committee of Privileges of the Senate consists of the whole Senate, and it could not sit during the summer. However, if this matter is as serious as Senator Croll has indicated, we should deal with it rather than simply forget it.

Hon. Mr. Walker: If these people are as guilty as they appear to be, what penalty can be imposed? In other words, we are doing a lot of talking; what can be done to penalize them if they are guilty? Can they be put in jail?

Hon. Mr. Martin: Honourable senators, I do not think that the Leader of the Opposition, in his proposal for an adjournment, meant to adjourn the question of privilege. I do not believe that could be done.

Hon. Mr. Flynn: No, no.

Hon. Mr. Martin: That question stands by itself. I take it that his observations are to be construed as indicating that he would like an opportunity to look into the matter further, particularly in the light of the statement made by Senator Croll tonight.

Hon. Mr. Flynn: Yes.

Hon. Mr. Martin: I concur in his suggestion that there should be an opportunity to consider this matter, which on the surface does appear to be very serious. After we have had a chance to reflect on it, perhaps we can give the matter further consideration.

1971 CENSUS

SPECIAL REPORT BY COMMISSIONER OF OFFICIAL LANGUAGES TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table a copy of a special report to Parliament by the Commissioner of Official Languages, dated June 21, 1971, respecting the 1971 Census, pursuant to sections 33(1) and 34(3) of the Official Languages Act, chapter 54, Statutes of Canada, 1968-69, together with copies of letters relating thereto exchanged between the Commissioner of Official Languages and the Dominion Statistician.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the names of Messrs. Alexander, McQuaid and Dinsdale had been substituted for those of Messrs. Lambert (Edmonton West), Downey and Cadieu, and that the name of Mr. Saltsman had been substituted for that of Mr. Barnett, on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

PILOTAGE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-246, respecting pilotage.

Bill read first time.

Hon. Daniel A. Lang moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

CANADA LABOUR (STANDARDS) CODE

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-228, to amend the Canada Labour (Standards) Code.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

POST OFFICE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-240, to amend the Post Office Act.

Bill read first time.

[Hon. Mr. Martin.]

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Azellus Denis moved that the bill be read a second time later this day.

Motion agreed to.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-239, to amend the Prairie Grain Advance Payments Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Hazen Argue moved that the bill be read a second time later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of statement issued by The Canadian Wheat Board relating to the final payment on Wheat delivered to the Board during the 1969-70 crop year.

Copies of press release, dated June 17, 1971, relating to the extension to June 30, 1973, of the Automotive Manufacturing Assistance Regulations, and also the extension of the Transitional Assistance Benefit Plan.

Report of the Hazardous Products Board of Review on Order in Council P.C. 1970-1933, which amended Part I of the Schedule to the Hazardous Products Act by adding thereto "Spectacle frames containing cellulose nitrate".

Copy of a letter addressed by Dean Burch, Chairman, Federal Communications Commission of the United States, to A. E. Gotlieb, Deputy Minister of Communications, and the latter's reply thereto, dated June 7, 1971, respecting the Canadian Domestic Communication Satellite System.

Report of the Agricultural Products Board for the fiscal year ended March 31, 1971, pursuant to section 7 of the Agricultural Products Board Act, chapter 4, R.S.C., 1952.

Report of the Agricultural Stabilization Board for the fiscal year ended March 31, 1971, pursuant to section 14 of the Agricultural Stabilization Act, chapter 22, Statutes of Canada, 1957-58.

Statement of Conclusions of the Constitutional Conference held at Victoria, B.C., June 14-16, 1971.

Canadian Constitutional Charter, 1971.

CONSTITUTIONAL CONFERENCE—STATEMENT OF CONCLUSIONS AND CANADIAN CONSTITUTIONAL CHARTER PRINTED AS APPENDIX

Hon. Mr. Connolly (Ottawa West): Honourable senators, I wonder whether the leader could tell us whether it would be appropriate to have the two documents emanating from the Constitutional Conference appended to today's *Hansard*?

Hon. Mr. Martin: That is a good idea. It would be a convenience for all honourable senators.

Hon. Mr. Flynn: You are referring to the Charter and the Conclusions, upon which all eleven governments should take a stand before next Monday?

Hon. Mr. Martin: That is right.

Hon. Mr. Connolly (Ottawa West): Are these similar to the documents that were tabled in this house and published after the February conference?

Hon. Mr. Martin: No.

Hon. Mr. Connolly (Ottawa West): I do not mean in conclusions, but they are the same type of document?

Hon. Mr. Martin: As far as the Conclusions are concerned that is true, but the Charter, of course, is a different and new document.

The Hon. the Speaker: Is it agreed that these documents appear as an appendix to *Hansard* of today?

Hon. Senators: Agreed.

(For text of documents see Appendix, pp. 1172-78)

CONSTITUTIONAL CONFERENCE

REPORT OF VICTORIA MEETING—QUESTION

Hon. Jacques Flynn: Honourable senators, I would like to ask the Government Leader if he feels he should at this time give us a report on the conference at Victoria, or if he is in a position to tell us whether the federal Government has taken a decision upon the Charter which has been proposed.

My understanding is that this Charter is not in itself a proposal of the federal Government. It is rather an agreement that is drawn from the discussions which took place, but no decision, I understand, has yet been taken by the federal Government.

Hon. Mr. Martin: That is right. The Government's decision will be announced within the course of the next few days. As the Leader of the Opposition knows, it was agreed that the replies of the eleven governments with regard to the Charter would be made known by the 28th day of this month. The federal Government's position with regard to the Charter will be announced in plenty of time for that date.

Hon. Mr. Flynn: Has the leader any idea whether the attitude will be negative?

Hon. Mr. Croll: You would not like to make a bet on it?

TRANSPORT AND COMMUNICATIONS

NOTICE OF COMMITTEE MEETING

Hon. J. Campbell Haig: Honourable senators, before the Orders of the Day are called, I wish to draw the attention of the Senate to the fact that tomorrow morning at 10 o'clock the Standing Senate Committee on Transport and Communications will meet in Room 256-S. On the agenda of the committee will be the subject matter of a motion respecting the Trans-Alaska pipeline and tanker project. I would request all senators who can attend to do so.

HON. JOHN J. KINLEY

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Paul Martin: I regret to inform honourable senators that Senator Kinley has resigned his seat in the Senate. I say at once that this senior senator, one of our best loved, has been compelled to submit his resignation because of ill health.

John Kinley has had a distinguished and varied career. During the first world war he served with Canadian Military Intelligence. He worked hard for the allied cause during the second world war as well, and was awarded the King Haakon VI Cross of Liberation for distinguished service to Norway.

He was an active and successful businessman, being president of the Lunenburg Foundry and Engineering Company. As we know from speeches that he has made in this house from time to time, he contributed greatly to the building and repair of naval and merchant ships during wartime as well as peacetime. His interests as an industrialist included a busy role in the Lunenburg Foundry Garage Company Ltd. and the Lunenburg Marine Railway.

Senator Kinley was a trained pharmaceutical chemist. He became president of the Nova Scotia Pharmaceutical Society, and was honorary president of the Canadian Pharmaceutical Society. He was president of the Lunenburg branch of the British Navy League of Canada, and of the Neptune Sea Cadet Corps. This led to his appointment as honorary president of the Navy League of Canada.

Senator Kinley embarked upon a political career sixty years ago with his election as mayor of Lunenburg, a position he held for two years. He became a member of the Nova Scotia legislature in 1916, and he was re-elected several times thereafter. This included a spell as a member of the government of his province. He was elected to the House of Commons in 1935 and re-elected in 1940. He was summoned to this chamber in 1945.

His interest in the work of the Senate was attested to by his active interest in the Banking, Trade and Commerce Committee, the Transport and Communications Committee, and the National Finance Committee. The members of those committees will recall that he was loyal in attendance there as he was in this chamber,

frequently putting strong and vigorous questions to witnesses.

As befits a native of Lunenburg, John Kinley was the son of a master mariner. He never lost his interest in the sea. Many of us have admired the skill with which he succeeded in interjecting a reference to the sea into many of his speeches in this chamber. We all recall him with affection, and we will miss him.

I am sure that those who have been on Parliament Hill for the full length of time that he was a member of Parliament cannot help but recall also his wife, who was continuously at his side. When we come to appraise the work of John Kinley as a member of both Houses of Parliament, we will recall his contribution with pride and gratitude, and we will also recall the collaboration of his wife.

Hon. Jacques Flynn: Honourable senators, Senator Kinley has been active in public life for 64 years, a record which few of us will ever match. He has been city councillor and mayor of his beloved Lunenburg, member of the Nova Scotia Legislature, member of the House of Commons since 1935, and a member of the Senate since 1945. Thus he was a senator for over a quarter of a century. In all of these capacities, his service to the people who elected him or whom he represented has been exemplary.

He was active at the front in both world wars, and many times decorated. His career in defence of nations oppressed was as outstanding as everything else he ever undertook.

Senator Kinley is an entrepreneur of exceptional talent, who has fathered many a successful business enterprise. Canada has always needed and will continue to require men like him, who believe deeply in private initiative, and the value and necessity of private initiative in a society like ours.

We are sorry to see him retire from the Senate. To him and his charming wife we extend our warmest, most affectionate and heartfelt wishes for a happy and peaceful retirement. They have laboured both long and well for their country, and such work has been greatly appreciated, especially in the Senate.

Hon. Norman McL. Paterson: Honourable senators, Senator Kinley was my seat-mate for some years. It was quite a shock to me to hear the Leader of the Government say tonight that he has resigned. He has been absent for about a month, so far as I know, and I wondered what was the matter. I had not heard that he had been ill, but now I hear he has resigned. I cannot add much to what the Leader of the Government and the Leader of the Opposition have said except to say that we will all miss him. He is 89 years of age, one year older than I, and I think possibly the oldest member of the chamber. I know we will all miss him—particularly myself.

Hon. Gordon B. Isnor: Honourable senators, as a Nova Scotian and a colleague of Senator Kinley's, I feel that I should say at least a word or two with respect to his resignation, although I realize that what I say will not be as eloquent as the speeches of the Leader of the Government and the Leader of the Opposition.

As one Nova Scotian I want to say that Senator Kinley was a loyal Nova Scotian and a loyal Canadian, who was always in his place here when he was able to be present. It is only because of ill health in the last month that Senator Kinley has been absent.

Senator Kinley took a very active part in Senate committee work, as all of you know. He was particularly interested in the fishermen of Nova Scotia, and was a champion of their rights. He never let pass an opportunity of standing up and saying a word on behalf of the fishermen of Nova Scotia.

I was in touch with Senator Kinley's family just today. I telephoned Senator Kinley's son to ask how the senator was, and I was not sure from that conversation that his resignation would be presented this evening. However, I am sure I express the thoughts of all here this evening when I say that we were deeply disappointed to hear the Leader of the Government announce Senator Kinley's resignation.

Hon. Donald Smith: Honourable senators, I believe all our colleagues from Nova Scotia join Senator Isnor and me in thanking the Leader of the Government and the Leader of the Opposition and Senator Paterson for their very kind references to Senator Kinley whose resignation has been announced here tonight. I regret very much that other members of our little group from Nova Scotia are not present tonight. However, I know I can also express on their behalf our appreciation for those kind remarks.

As one who has known the Kinley family for a very long period indeed I think I can presume to express the gratitude of Senator Kinley himself and of his family.

Having listened to the summary by the Leader of the Government of the many accomplishments of Senator Kinley in his business and public life, most of us must now realize what a modest man he truly is. But, having had an intimate knowledge of him for a great many years, it is not difficult for me to say that he was one of the great Nova Scotians when he was active in both the business and political life of this country. Senator Kinley is a modest man, and is not inclined to dwell on the depth or length of his career in either private or public life.

All of us who have had contact with Senator Kinley for any length of time have come to realize the deep devotion he has always had in discharging his responsibilities as a member of this chamber. He set a fine example for all of us here, and for those who might follow in his footsteps. If one were to emulate his example, one would know what it means to be a senator. It must have been at a great deal of personal sacrifice that Senator Kinley was always in his place in the Senate.

His own people know Senator Kinley and his good works very well indeed, but, as Senator Isnor and one or

two others mentioned, the Lunenburgers know equally well his wife who has stood by his side these many years. The people he represented in public life recognize full well the role that she has played in all that they have accomplished together.

I am sure it must give the Kinleys a large measure of satisfaction to observe in their only son the same managerial skills and willingness to serve the public that Senator Kinley himself has exhibited. For those who do not know anything about Senator Kinley's son, I must explain that he presently fills the important office of President of the Lunenburg Fisheries Exhibition. When he took over that office it was his expressed intention to make it as big and important a Canadian event as the Calgary Stampede. He is that kind of man. He inherits the optimism and high aims of his father. He also finds time to serve as a valuable member of the Atlantic Development Council, while successfully managing the rather large and important family businesses in Lunenburg and the area which give employment to hundreds of people.

As I have said, it must give the Kinleys satisfaction to recognize that their son is carrying on that great tradition of competence and devotion to public service, and it must also ease their minds to be able to fall back on the advice of their daughter, Mary Russell, who now lives in Ottawa and who is a most distinguished graduate of Dalhousie law school.

Honourable senators, I have known Senator Kinley for more than 50 years. That is a long time. For 40 of those 50 years I have associated with him in political activities in a very intimate way indeed. I was, in the first place, a member of a committee which waited on Senator Kinley in 1930 to ensure that he would allow his name to stand for election at a certain convention. We got our wish, but unfortunately Senator Kinley was unable to win that particular election. But, honourable senators, he won the next one and as a result he has stayed in Ottawa throughout the years since 1935. It was indeed a great honour for me that a man like that, so prominent in the public life of my own province, accepted the task of supporting me when I walked up the carpet of the Red Chamber back in 1955. From that day on I have had the benefit of his experience and wisdom. I want to thank him now for his great generosity to me in a great many ways.

Let me conclude, honourable senators, by saying that Senator Kinley has truly earned his retirement from active service in the Parliament of Canada. It is yet another example of his good judgment that he has decided, in the words of Emerson, that "it is time to be old, to take in sail." I know that all honourable senators join with me in wishing Senator and Mrs. Kinley a smooth voyage for the rest of their days in the Province of Nova Scotia, the place of their birth, in that picturesque, prosperous and internationally famous town of Lunenburg—the province and the place they both love and have served so well for so many years.

Hon. John M. Macdonald: Honourable senators, as a fellow Nova Scotian, although not of the same political party, I join with those who have already spoken in paying tribute to Senator Kinley. Much has been made of his successful business career and his long and distinguished career in the public life of our country. His public life began, as has already been mentioned, back in 1907 when he was first elected to the council of his native town. After serving as town councillor and later as mayor, he went into the service of his fellow men in provincial and federal politics.

While I knew of Senator Kinley as a great Nova Scotian, I did not know him personally until I came here almost 11 years ago. We became friends, and I have spent a many pleasant hour in his company. Indeed, at one time when Senator Arthur Beaubien and Senator Baird were here, it was practically a regulation that the four of us should spend some time together every evening in the lobby of the Chateau Laurier. Senator Kinley has a great knowledge of the political history of Nova Scotia and his conversation is always interesting.

Honourable senators, I know the kind of person that Senator Kinley is, and I can assure you all, although I know that such assurance is wholly unnecessary, that he is a man of high character and great ability, a man of honour and of dedication. I would also point out that he is a man of extreme courtesy and the utmost kindness. In all the years I have known him I have never heard him make an unkind or harsh remark about anyone. He is a friendly man, and one who over the years has earned for himself the respect and, indeed, the affection of all who know him.

He has served well the people of his town, his province, and his country. He has had a long, useful and happy life and I sincerely hope that he will be spared for some years yet to enjoy a pleasant retirement.

Hon. Muriel McQ. Fergusson: Honourable senators, I did not know in advance that there was going to be an announcement tonight of the retirement of Senator Kinley, and I for one am very sad to hear it. I feel a deep sense of personal loss in knowing that he will not be present at our meetings in the future.

One thing which interested Senator Kinley greatly, and to which he devoted a great deal of time, was the weekly prayer breakfast which is held in the restaurant of Parliament. For many years Senator Kinley has attended these meetings each Wednesday morning. While it is an occasion of very little formality, there is a Senate chairman and a House of Commons chairman, and Senator Kinley has been the Senate chairman of that group for quite a number of years, and he always made a valuable and interesting contribution to the meetings. He has also regularly attended, accompanied by Mrs. Kinley, the President's Prayer Breakfast held annually in Washington. He has done this at his own expense. He has made great contributions to them, and has been recognized by others attending those breakfasts as an outstanding Canadian.

Senator Kinley has always been my idea of a Christian gentleman, and this has been recognized by his colleagues in both this chamber and the other place, and by anyone who has ever met him.

Honourable senators, I am deeply sorry to know that Senator and Mrs. Kinley will not be here with us in the future.

Hon. Chesley W. Carter: Honourable senators, I join in the well-merited tributes that have been paid to Senator Kinley and his wife. It is not my intention to add to what has been said, because that would be trying to gild the lily. I have known Senator Kinley for over 20 years, having met him soon after I came to Ottawa in 1949. We shared a number of interests, particularly an interest in the sea and ships, and the men who go down to the sea in ships. Senator Kinley was particularly interested in the fishermen of his province whose problems are very similar to those of the fishermen I have the honour to represent.

Senator Kinley was a faithful servant of this house and particularly of its committees. He could always be depended upon to attend committee meetings when his health permitted.

It is a personal loss to all of us that Senator Kinley has been forced to resign because of his health, and I know I speak for all honourable senators in saying that I hope he will recover, and be spared to enjoy a well-earned retirement.

FORT-FALLS BRIDGE AUTHORITY BILL

THIRD READING

Hon. W. M. Benidickson moved the third reading of Bill S-14, respecting the construction of an international highway bridge between Fort Frances, Ontario, and International Falls, Minnesota.

Motion agreed to and bill read third time and passed.

UNEMPLOYMENT INSURANCE BILL, 1971

SECOND READING

The Senate resumed from Thursday, June 17, the adjourned debate on the motion of Hon. Mr. Connolly (Ottawa West), for second reading of Bill C-229, respecting unemployment insurance in Canada.

Hon. J. Campbell Haig: Honourable senators, may I speak on behalf of the honourable Senator Welch?

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Haig should speak now instead of the honourable Senator Welch?

Hon. Senators: Agreed.

Hon. Mr. Haig: Bill C-229 has many serious defects. For one thing, it is definitely altering the course of the Government from that of providing unemployment insurance to that of ensuring ever-increasing welfare handouts.

The potential for abuse is frightful. The family unit is rejected as the basis for calculating unemployment compensation. Instead, the individual worker is used as the basis, and apparently it matters little if that person is a working wife, unemployed husband or a bachelor.

The bill provides for increased assistance to claimants with dependants earning less than $50 a week. By no stretch of the imagination is this the equivalent of using the family unit and its income for measuring needs.

Another area of potential abuse is that of pregnant working women. Let us take, for example, a married woman who holds a teaching certificate. She could receive 17 weeks' maternity leave and be paid unemployment compensation for 15 of them. All she would need to do to qualify would be to work for 20 weeks before taking her leave. Her unemployment contributions would be $1.18 a week, a total of $23.60 for 20 weeks. Her salary of $150 or more a week would entitle her to receive the maximum unemployment benefit of $100 a week. Not bad! An investment of $23.60, yielding a return of $1,500 and a vacation of four and a half months.

No matter how much her husband earns, anyone who can put together 20 consecutive weeks of remunerative labour stands to collect unemployment benefits. This will engender sheer waste. Women whose hushands earn fabulous salaries, women who work for their own entertainment only, will be in a position to claim compensation when the work runs out. I suggest that this is outrageous.

A person could qualify for benefits with only eight weeks' work in a year, because from eight to 19 weeks of work he is eligible, depending upon national and regional unemployment rates, for from eight to 51 weeks of benefits. It could thus be possible for someone to contribute as little as $15.80 and claim as much as $5,100. I repeat, this is outrageous.

An employee who had worked 20 or more weeks in the year and had lost his job would automatically collect three weeks of benefits even if he immediately went to work at another job. Even the employed will cash in on this insurance for the unemployed.

A person could be out of work, make no effort to find any, and collect $100 a week of someone else's hard-earned cash. Is this the "Just Society"?

The general effect of the legislation is that the Government's increased participation in unemployment insurance will be extremely costly. The Government has virtually ensured its constant participation in the business of handouts, and has made sure that it will always have the wherewithal to accommodate the unemployed by including nearly everyone as a contributor. Only the self-employed are omitted. However, while unemployment is becoming more common among those in higher income brackets, the 1,200,000 who will pay insurance for the first time are, in effect, paying a new tax rather than an insurance premium. Their chances of receiving benefits will always be quite remote.

Certainly people would rather work than receive unemployment insurance, because chances are that by working they can make more money. However, the day that ceases to be the case, the day it becomes more profitable for a goodly number to collect unemployment

insurance benefits than it is to work, we are then in trouble. We may well have reached that point.

If we add up all the welfare benefits that the federal Government provides, we have what amounts to a pretty handsome guaranteed annual income, which comes mighty close to obviating for many the need of employment. That is the serious question I raise. To finance this largesse, the federal Government must continue to borrow gigantic sums, thus incurring debts which our descendants will be paying off for God knows how long. More and more money is being spent by this Government on social assistance. There is, however, a limit, and I think that limit was reached some time ago.

We have not yet received Senator Croll's report on poverty, but we have received a non-official brochure from certain of his former staff. We await with anxious anticipation the committee's report in September.

I suggest, honourable senators, that the working Canadian, who in my opinion represents the largest group in our economy, can no longer afford to support the non-working Canadian. The productive segments of society can no longer support the non-productive without jeopardizing their own wellbeing.

Hon. Mr. Walker: You are confining that to those who cannot work?

Hon. Mr. Haig: I agree with what Senator Walker has just said by way of interjection. I direct my next comment to the honourable Senator Croll. Our welfare system will bankrupt us unless we speed up our rate of economic growth. The only way to reduce the number on welfare is to create more jobs. That is self-evident. The only way to do that meaningfully is to permit industry to expand. That, too, is self-evident. The only way that will be achieved successfully is by reducing the rate of taxation—these remarks were prepared before last Friday when the Honourable Edgar Benson introduced his budget proposals and tax reform legislation, which no one as yet understands—and by putting an end to the planned discouragement of foreign investment. I will leave that point now and probably discuss it in September, after we analyse Mr. Benson's budget proposals, because no one, including the Government, understands what they mean.

Unlike the federal Government, we do not consider that unemployment and its attendant poverty is a permanent feature of our economy. At meetings of the Standing Senate Committee on National Finance we have heard from experts in government, private industry, and so on, and no one completely understands what is going on. I do not think the Government does either. Unlike the federal Government, we do not consider that the solution to our economic problems is to be found in more and more spending of tax dollars by the central Government.

Honourable senators, Mr. Benson has produced a budget; he has not introduced the White Paper proposals. We will face the problem of tax reform legislation very shortly, and this Government must face the fact that if it spends $100 it must earn $100; if it spends $110, a deficit will occur. Where will that deficit be?

This Government never spends on business endeavours that are productive of either tangible goods or permanent jobs. I suggest that is the private enterprise sector. To argue that Government uses tax dollars to subsidize industries which in turn create jobs, is to introduce a red herring, since enterprises in need of help from the Government will never be of much use to the economy as a whole anyway.

The economy of Canada has stagnated. Excessive taxation has sapped all our productive energy. Yet, another czar of welfare has taken it upon himself to dole out more and more of the wealth we do not have in order to curry favour with part of the electorate. Honourable senators, this bill was introduced before the Honourable Edgar Benson's budget, but this is an indication of what this bill, plus his new budget, is trying to do. Sooner or later that part of the electorate which is being bled incessantly to pay for all this will wake up, rebel and turn these professional do-gooders out. I am not referring to Senator Croll's committee, a group of which disagreed with him. I am not disagreeing with the views of Senator Croll and Senator Carter with respect to the Special Senate Committee on Poverty. However, I suggest that for the sake of fiscal sanity we should vote down this piece of legislation.

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker: Honourable senators, is it the intention of Senator Connolly (Ottawa West) in speaking now to close the debate?

Hon. Mr. Connolly (Ottawa West): Yes.

The Hon. the Speaker: I wish to remind honourable senators that if there is no other honourable senator who wishes to speak, the speech by the honourable Senator Connolly (Ottawa West) will have the effect of closing the debate.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I do not propose to detain the Senate this evening, because I was unduly protracted in the explanation of this rather long bill last week.

I would like to deal with one or two points raised by the honourable Senator J. M. Macdonald in connection with his discussion of the introduction of new participants into the insured group. His estimate and mine was that a further 1¼ million contributors would be added. Senator Macdonald referred to them as people who are in stable employment, such as teachers, government employees, professional athletes, and others. He said that as far as they are concerned it is an expression of good will that they should agree to be covered, because they have little hope of benefit. Senator Macdonald has been for many years very familiar with the unemployment insurance legislation in this country. However, I think something must and should be said regarding the changing circumstances of life in our labour force, due mainly to the advance of technology.

If one reads, for example, *Le défi américain,* the book published by J. J. Servan-Schreiber in France and tran-

slated into English many times about the real threat from the American economy, which come from technological development, one can think that almost any vocation or avocation might become obsolete or affected by the disease of obsolescence. If one reads Peter Ferdinand Druckers' book, *The Age of Discontinuity,* one will have the same idea reinforced.

It is true, of course, that a computer, thank heaven for this, cannot play hockey, golf, football or baseball games. However, the computer can reduce the number of personnel in the Taxation Branch of the Department of Finance. It is true also, I suppose, from our point of view that teachers will always be needed. But the plain fact is that educational television can bring the greatest scholars from any part of the world instantly—classicists, mathematicians, scientists and philosophers—not only into the student's room but as well into the college and high school auditoriums. Teaching done in this way will, of course, lead ultimately to a reduction in the cost of education. Who can say what the risk will be for people in the teaching profession, which has always been thought of as a very stable profession?

Senator Haig said that the premiums to be paid by these new entrants is just a new tax and not an insurance premium. I think it may very well be an insurance premium. If the act, which has not really been substantially amended since it was first enacted in 1940, stays with us for another 31 years, there could be vast changes in almost every endeavour.

In my opening remarks I said that welfare savings could be as much as $80 million in a year because of the operation of the claimant assistance program. What I should have said was that in 1968 there would have been an estimated saving of about $80 million in that year in welfare costs if the present proposals of the bill had then been enacted. The reason for that would be the more general, almost universal, coverage of people in the labour force, and the more flexible duration of the benefits. As honourable senators will remember, it is possible for a person on benefit to be in and out of the labour force and not always drawing unemployment insurance for a certain period. I forget the figure I used, but I think for the major attachment claimant the clock runs for some 29 weeks. In that period the claimant can be on benefit and then off benefit, earning money in a casual job, and if that job folds, he can again get onto benefit.

Hon. Mr. Burchill: Did I understand the honourable senator to say 1968 was the last year for which figures are available?

Hon. Mr. Connolly (Ottawa West): I was using 1968 as a year for which tests and estimates were made about the effect of this bill, had it been in force at that time, on the welfare payments which in fact were paid in 1968. The estimate is that if this bill had been in force in 1968, welfare costs would have gone down by $80 million.

The other feature of this legislation that would reduce welfare costs would be the claimant assistance program proposed to be carried out under the provisions of this bill. Every person who begins to draw benefit is required to have at least two interviews with a claims officer, with the people in the unemployment insurance organization. There will be not only an examination of the claimant's working record but also advice given as to where employment might be found, both in his own locality and in other parts of Canada. This might well result not only in persons who are unemployed being re-employed more quickly, but, because of the training facilities that are available through the department of Manpower and Immigration, placing them in better jobs. This, I think, is a highly desirable feature of the bill.

Senator Macdonald spoke a good deal about the two-week waiting period before benefits are paid. Under the present act the waiting period is one week. The justification for using the two-week waiting period, as proposed in the bill, is a little more than the reason I gave. I said that it was the period in which papers leading to the processing of the claim could be handled properly. That is not the important point. Had I known Senator Macdonald was particularly interested in it I might have tried to elaborate on the point, or perhaps not made it in the way I did. It will take two weeks, I think, before the papers are properly processed. But the important thing is to specify a date from which benefits can begin to be paid. That date need not be as long as two weeks; it could be perhaps three, four or even five days less than two weeks. However, I believe this is a matter that Senator Macdonald would prefer to have cleared up by experts in committee rather than have me make a speech about it.

I do say this, though, about the two-week waiting period. It is just one of the facets of the problem of the unemployed. There are other factors which arise out of this bill that are very important to the unemployed man. First of all, there will be a longer term within which he will receive benefits. There will be a better opportunity provided for re-employment of a worker who has a temporary loss of income. There will be a more open attitude towards the use of casual work, which will not necessarily be added to his benefits but might be substituted for a period, and then he will be able to go back on benefit if the casual work is in fact casual and temporary. Another important feature to the man who has a temporary suspension of income is that the benefits under this bill will be higher than under the legislation as we now have it. All these factors are important to a man earning between $20 and $50 a week. As I say, I think it would be a great deal more satisfactory to Senator Macdonald and other honourable senators to get this information in committee.

Senator Haig suggested that the family unit is rejected. I have never really understood that unemployment insurance took into account the matter of insuring families. I think the concept of unemployment insurance is to insure the worker against a temporary loss of income. In so far as we can assure, or insure, that a worker gets a certain amount of revenue during the period his income is temporarily suspended, I suppose we are not only helping him but, presumably, helping his dependants. Under this bill the benefits are 66⅔ per cent of the average weekly

earnings, with a maximum of $150 of earnings, and $100 of benefits. If the person has dependants that 66⅔ per cent goes up to 75 per cent. Therefore, the point that Senator Haig raises, that the family unit is rejected, is in fact not the situation under this new measure.

Senator Haig also talks about pregnant women in the working force getting money—they are entitled to 15 weeks of benefit, 9 before and 6 after delivery—and he somehow thinks that there will be a month of holidays in that period. I shall leave him to the mercy of the lady senators in this house to straighten him out on that. I doubt very much if any part of that time may be considered as a holiday.

Senator Haig talks about the welfare aspect. I would point out to him that there is a maximum of 51 weeks of entitlement. I am informed that the average unemployment insurance claim, over a great many years, works out at a maximum of about 14 weeks of temporary suspension of work. Any person who gets in excess of that is receiving benefits beyond the average.

Senator Haig also complains that the cost to the Government will be very high. I should make it abundantly clear that if the unemployment rate as determined by Statistics Canada is 4 per cent or lower, all the benefits proposed under this bill will be paid from the account, to which only the employers and the employees contribute. It is an insurance proposition as far as those people are concerned. To that extent, there is no drain on the Treasury.

Hon. Mr. Isnor: What happens if the account becomes exhausted?

Hon. Mr. Connolly (Ottawa West): I understand it will not become exhausted. I am told that this is an actuarily sound plan, and premium rates are reviewed annually. I believe that this is true. It is not a matter of having a fund such as we had before, which had $800 million or $900 million and in about 15 years ran down to a deficit of $37 million and is now about $350 or $365 million. We will not have a fund like that again. We will have an account, and the contributions of employers and employees, it is expected, will meet the payments that are to be made from it.

If the rate goes over 4 per cent, then that burden has to be borne by the Government. In the present circumstances, when the rate is 6 per cent or so, the cost of anything over 4 per cent has to be borne by the Government. There are provisions for escalation of benefits in the event of regional rates exceeding the national rate.

Towards the end of his speech, Senator Haig talked at length about social assistance. My reply is that this is not a program of social assistance. This is a program of social insurance. The assistance program, the welfare program, is quite apart from the program here. This is to be financed for the most part by employers and employees, by their contributions to the unemployment insurance account, which is not the unemployment insurance fund.

I should add that the rate of 4 per cent, which is the breaking point after which the Government financing will begin, has not been taken arbitrarily. I am informed that over the past 30 years the average rate of unemployment in this country has been 4 per cent. We are in unusual times now, we have a higher rate of unemployment now; but I think it can be said that that rate will gradually fall.

I do not propose to talk about the budget which was presented to the other place on Friday last. Senator Haig says that nobody understands it. If that is the case, I have wasted much time over the weekend, as I heard many people on radio and television and they all seemed to understand it. Whether they did or not, I do not know.

I was asked by Senator Macdonald whether there would be any explanatory literature. I have seen the draft of several booklets which will be used for the information of employers, employees and claimants. They seem to be the type of thing which he thought was desirable. They have not been published yet. They cannot be published until the bill has been passed. It seems to me they cover the point he raised.

Honourable senators if this bill receives second reading, it is my intention to move that it be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Connolly (Ottawa West): Honourable senators, I move that this bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Hon. Mr. Flynn: I am wondering whether, by asking the Senate to refer this bill to the Health, Welfare and Science Committee rather than to the Banking, Trade and Commerce Committee, the honourable senator is not defeating his argument, that this is insurance rather than assistance.

Hon. Mr. Connolly (Ottawa West): It is probably not banking, but it may be close to banking. I do not think it is trade, and I do not think it is commerce.

Hon. Mr. Flynn: Insurance is usually in commerce.

Hon. Mr. Connolly (Ottawa West): Yes, but this is social insurance, as I pointed out in my opening speech.

Hon. Mr. Smith: Before the question is put, may I make a comment? The remark made by the Leader of the Opposition may have been made jocularly, but I do recall—I have not got it in front of me—that our rule specifically says that labour legislation shall be put before the Senate Committee on Health, Welfare and Science.

The Hon. the Speaker: It is on page 34, Rule 67(k)(vi) "labour legislation".

Hon. Mr. Flynn: I would point out that "insurance" is mentioned in Rule 67(g)(i) in relation to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

APPROPRIATION BILL No. 3, 1971

SECOND READING—DEBATE ADJOURNED

Hon. Leopold Langlois moved the second reading of Bill C-249, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1972.

He said: Honourable senators, in moving the second reading of this supply bill, I wish to remind the house, first of all, that on March 30 last approval was given for the first interim supply bill for the fiscal year 1971-72. That measure, Appropriation Act No. 2, 1971, was based on the 1971-72 Estimates, which were tabled in the Senate on February 23, 1971, and provided for the expenditures for the months of April, May and June in the amount of $2,183,638,929.41.

The Estimates on which the interim supply bill was based were referred to the Standing Senate Committee on National Finance on March 9, 1971. Those Estimates were discussed in committee with Treasury Board officials on June 9, and were reported on by the committee on June 10, 1971.

The Estimates total $15,340,919,136, consisting of budgetary expenditures of $14,352,223,261 and Loans, Investments and Advances of $988,695,875.

The bill presently before us provides for full supply for the balance of the 1971-72 Estimates. I wish to add that the previous Appropriation Act passed in respect of the Estimates for 1971-72 was, as I have already mentioned, Appropriation Act No. 2, 1971, which granted interim supply for April, May and June for all items except Item 1, Urban Affairs and Housing. That particular vote was omitted from the original interim supply bill, since passage of Bill C-207, the Government Organization Bill, was needed to authorize the establishment ministries of state. The present bill, as I have said, grants full supply for the balance of the main Estimates for 1971-72, including the whole of Item 1, Urban Affairs and Housing, and it amounts to $6,066,052,171.59. The form of the bill is the same as that passed in previous years. No additional borrowing authority is required in the present bill.

As an additional comment for further clarity, I should like to add that the bill known as Appropriation Act No. 1 covered the Supplementary Estimates (C) for 1970-71. That is the reason why the present bill, once passed, will be called Appropriation Act No. 3, 1971.

Hon. Hazen Argue: Honourable senators, this is an appropriation bill covering very large sums of money and I think it can be used as a means of discussing, in a broad sense, the activities of the Government. Very closely related to the passage of the bill providing for expenditures of many hundreds of millions of dollars are the methods by which the Government raises those moneys. There was an indication given on Friday of the various proposals that the Government has placed before Parliament for raising moneys to be spent by Parliament—in other words, the budget. I just wish to say that the budget, in general, was a welcome document which, in my opinion, will gain general support from the public of Canada, from low-income groups, and from the business community.

We sometimes attempt to judge the calibre of the Prime Minister, naturally, by the various actions that his Government takes. It was felt not many months ago that the Government had decided on a course outlined in the White Paper which was repugnant to the business community, to farmers, and to large segments of the Canadian nation. The Government, on the other hand, said that it was prepared to listen to representations from various groups in the country, from Canadian citizens generally, and was prepared to take those recommendations into consideration. I am exceedingly pleased not only with much of the content of the budget, but with the fact that the Government has shown that it is responsive to the many submissions that have been made to it by the people of this country.

What really prompted me to speak in this vein at this point tonight was a statement made over the weekend by the Honourable George Hees. That statement has been given great prominence in the press. Mr. Hees, the Chairman of the Conservative caucus, made the statement that in his opinion this is an election budget. and that there is going to be a general election in the country this fall. I just want to say that I think Mr. Hees is entirely wrong, and that his forecast will be proven wrong.

I noticed with some amusement that in their caucus over the weekend the Conservatives spent three hours discussing the budget, and the next day and a half discussing campaign strategy. I suggest that one thing the budget has done is cause the Conservative Party to waste a large part of its time during its weekend conference, because if I sense anything in my contacts on Parliament Hill it is that there will not be an election this year.

Mr. Hees said that if you do not get the feel of the game after 20 years, you are awfully stupid. Well, I have been around 25 years. I do not know if that makes me smarter than someone who has been around 20 years, but I cannot agree with Mr. Hees. According to the press, Mr. Hees, who chaired the two-day caucus meeting, said he knew there would be an election because public servants had told him the economy would sour next winter. So the bureaucrats have told Mr. Hees that the economy is going to sour this winter, and thus he says there is going to be an election this fall. But perhaps the next time he will be saying the bureaucrats are all wrong, and that you should never listen to the bureaucrats; that if you want a successful government you should forget about the bureaucrats. But this time Mr. Hees predicts there will be an election.

I think by its general principles and its general direction the budget presented to Parliament will do much to inspire the confidence of the Canadian public in the Canadian economy. We can look forward to better economic times in the months ahead, and these better economic conditions will not be interrupted by an election.

Hon. Mr. Grosart: Having heard from a convert, a non-convert asks permission to adjourn the debate.

On motion of Hon. Mr. Grosart, debate adjourned.

CANADA DEVELOPMENT CORPORATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, June 16, the adjourned debate on the motion of Hon. Mr. Hayden, for the second reading of Bill C-219, to establish the Canada Development Corporation.

Hon. Allister Grosart: Honourable senators, I have some difficulty in commenting on Bill C-219, to establish the Canada Development Corporation, because on the one hand I find myself in considerable agreement with some parts of the expressed intention of the Government in introducing the bill, while on the other hand, like so many other objective analysts, including, I think, by inference the sponsor of the bill, I have an instinctive feeling that there is something very wrong about it. The express purposes of the bill as clearly stated by the minister are two-fold. They are, first, to help develop and maintain strong Canadian controlled and managed corporations in the private sector of the economy and, secondly, to give Canadians greater opportunities to invest and participate in the economic development of Canada.

I think it may well be that the Government has found itself in an essential contradiction in attempting in one bill to reach these two objectives. The first objective is to build up Canadian corporations in the economy, and the second is to provide an opportunity for greater participation by Canadians to invest in the economy. Yet, we are told by the sponsor of the bill, and it has also been indicated by the minister that the earliest possible date at which the public is likely to be in any way induced to participate in this corporation is five years away. Others say it will be 10 years before the public is able to participate, while an informed guess would be that it never will. I see no reason to believe that the Canadian public will ever be induced to invest in this corporation because there are so many essential contradictions within the bill itself, so many constraints on the corporation, and so many apparent fallacies of economic reasoning that one has to wonder what has been going on during the last eight years since a former minister of finance, the Honourable Walter Gordon, announced the intention of introducing such a bill—for a rather different purpose, I might add, from that which is now stated. It will be remembered that at that time the emphasis was on repatriation of Canadian control of Canadian corporations or, as it was generally expressed, the "buy-back" concept.

The minister, the sponsor of the bill here, and others speaking on behalf of the Government have stated that that is not one of the objectives of this bill. But it seems to me that the right kind of bill could have made a great contribution at this time to this important aspect of the development of our economy. In a world in which the trend is to multi-national corporations, we should above all else seek to develop in this country some Canadian-based multi-national corporation which will be able to compete on equal terms in the kind of world trading milieu which we are going to face in the future. This bill seems to ignore completely one of the essential facts about the development of multi-national corporations over the last decade or so, and that is the fact that this kind of development has come very often from small corporations dealing in highly sophisticated technological innovations, and which have as a result grown into big corporations.

Surprisingly enough, this bill limits investments in the corporation to corporations which have shareholders' equities of at least $1 million, or the potential of reaching that figure. I say it is ignoring completely the lesson learned by those of us who have taken part in the activities of the Science Policy Committee, that it is the small corporation in Canada which over a period of time—and you can take any period you like, since innovation has become so important—has become the innovative factor in our industry. Over and over again we had evidence in that committee that the vast corporations were often not interested in Canadian developed innovation, and over and over again we had evidence that it was the small corporation both here and in the United States that normally took up the innovation and developed from it a large corporation. Yet this bill, in one of its many contradictions, says that no corporation that at any given moment does not have a shareholders' equity of $1 million can be considered for investment.

I have had some experience over the last few years of examining the approach to economic development of some other countries, particularly the very successful ones such as Japan, West Germany, The Netherlands and Switzerland. I would say that the experience of those countries, and the way in which they have gone about developing their own economies, appears to have been completely ignored during the eight years that the structure of this bill has been discussed. It is a complete non-sequitur to the experience of economic development in the successful countries of the world. For that reason I say it is not going to be an attractive vehicle for the public, and ultimately is doomed to failure.

Honourable senators, this is a $2 billion corporation in its concept, and anything less than a $2 billion corporation would have little or no effect in stimulating the kind of corporate development we need in Canada. But what do we start with? There is $250 million of Government money spread over three years, with $100 million in the first year. Then the Government says that the public will, hopefully, come in with the other $1,750 million. But there is nothing anywhere in this bill to indicate that there is the least likelihood that the public will come in. Why is that? Because of constraints in the bill itself. Why the emphasis here on national interest? No one, as a rule, quarrels with the concept of national interest in the investment of public money but, in the corporate field, who is going to decide what is in the national interest?

This corporation is not a Crown corporation. It will be a private corporation. The Government will eventually have an equity, we are told, of only 10 per cent. Shares of the corporation will be listed on the stock market and it will be subject to the Canada Corporations Act. To all intents and purposes it will be a private company.

What can it invest in? Can it invest in snowmobiles? Is that in the national interest? Is it in the public interest to have more snowmobiles? Can it invest in a distilling corporation? Is that in the national interest? Can it invest in the Canadian wine-growing industry? Is that in the national interest? Can it invest even in the exploitation of our resources, to be taken out of the ground and shipped abroad unprocessed? Is that in the national interest?

Who is to decide? Yet, according to the bill, the investments of this company are limited strictly to investments which, it has been said quite clearly, are to be in the national interest. Who decides? Does Parliament? No, Parliament has no say whatsoever.

When the Government has invested its $250 million, that money has gone so far as Parliament is concerned. The bill expressly mentions—and the minister, in commenting on the bill, made it very clear—that the corporation will, if I might quote the minister's words, "operate free of pressure by departments of the federal Government." It is hard to think of a sillier statement for a minister of the Crown to make. This corporation will be one hundred per cent controlled by the Government the day it comes into operation. The Government will be the single shareholder on that day. It will always be the largest shareholder under the terms of the act, and it is almost certain that it will be the major shareholder for many years to come.

In those circumstances, deputy ministers will sit on the board, although admittedly without a vote. Public money will be involved. Yet, we are told, it will be free from departmental control. Are we really expected to be that naïve, and believe that the corporation, of which the Government will be the largest shareholder, will be free from departmental control? Does it mean that the Department of Finance will wash its hands of this company, and have nothing whatsoever to do with it? According to the minister, the corporation will be free from all departmental control, which means free from control by the Department of Finance. Does this make sense? This is one of the many contradictions that I find in the bill, which led me to believe that it has not a hope of success.

We are also told of another contradiction, which is that one of the purposes of the bill is to take some significant steps to rationalize and improve various sectors of Canadian industry:

> Some of these steps will involve mergers, amalgamat ons and other corporate arrangements designed—

I hope honourable senators will listen to this:

> —to strengthen the competitiveness of Canadian industry.

Did anyone ever read such nonsense? In a country which has the Combines Investigation Act we will have a corporation owned by the Government, initially and for many years, which will seek to bring about mergers and amalgamations to strengthen the competitiveness of Canadian industry. Can anyone tell me how mergers and amalgamations strengthen competitiveness in industry? Yet that is the clear statement of the intent of the bill. Competitiveness against whom I do not know.

I should hasten to say that I am not opposed to mergers and amalgamations in business when they strengthen that business within the corporate economy, but I will never be guilty of saying that a merger strengthens competitiveness in industry.

Yet this is the kind of nonsense that is mentioned in the bill. We are told, regarding public investment, that one of the purposes of the bill is to bring in "those areas of particular promise and interest to the Canadian economy where there is not otherwise likely to be a sufficient degree of Canadian participation." I do not think there is any doubt that Canadians today have more opportunities than people of almost any other country to participate in the corporate development of their economy. I have never at any time heard of a shortage of investment possibilities. I have never heard of anyone who said "I have money to invest in the Canadian economy, but I cannot find a corporation in which to invest." Yet this corporation is somehow going to bring in money from Canadians who otherwise are not likely to be sufficiently interested. That is just nonsense!

Senator Hayden and others have pointed out that the strict rules applying to this corporation means that it must make a profit. It is to be well managed and have a good board made up of the best available private entrepreneurs. The minister said that the corporation will make a profit, that it will succeed on its own and that it will be so set up that it will make money.

It is clear that no one but the Government believes that. We will pull into this corporation Polymer, which last year made a profit of $13 million, Northern Transportation, Panarctic, and Eldorado, the only Crown corporations that are making money or which are likely to make money. Their profits, instead of going into consolidated revenue, as they do now, will go into this company, which was to make a profit on its own. However, to induce these Canadians who would not otherwise be interested, we are throwing them into this strange bundle of economic confusion called the Canada Development Corporation. Surely, if the Government had any confidence whatsoever that the concept of this new corporation was in any way viable it would not have to include these corporations, particularly those which are profit-making, or potentially so.

Obviously the Government does not believe in this act at all. It is simply taking money out of the consolidated revenue and saying that if this corporation does not start to lose too much money all at once it is something that may make it possible for them to declare dividends. As we all know, one of the two major inducements to the public to invest in corporations is the possibilities of growth. There was reference earlier to Mr. Benson's budget. He has done his best by promoting the capital

gains principle to make the growth principle in investment less interesting, at least than it was. The other, of course, is dividends. I presume it is in the hope that these dividends may be bootlegged in from these existing corporations so that there might be some possibility that this corporation will be in a position to pay dividends.

Having made those remarks with respect to the bill, I might be expected to describe what type of bill might have done the job. I believe it is essential to Canada that the job be done. We hear a great deal with respect to the problem over the years in Canada of foreign investment, which is serious. I would not describe myself as an economic nationalist. I do not believe we would have the standard of living we enjoy today if it had not been for foreign investment. I see no alternative in the past or in the present to a continuous flow of foreign investment into Canada.

I would hope that the time would come before very long when this Government would face up to the problem and produce some guidelines, as has been done in other countries, and say seriously to our friends who are investing in Canada that in this country there are some ground rules. Instead, we are perhaps the only country left in the world which has no effective ground rules for foreign investment. An outstanding example of this is the Japanese experience. They have produced a higher growth rate in GNP and standard of living than any country in history. They did it, amongst other things, by having strict guidelines regarding foreign investment. They did not turn it away, but welcomed foreign investment. However, they channelled it into those segments of their economy where it would do the most good and have the least harmful effects.

We have no indication at the moment that the present Government is even thinking along these lines. Nothing whatsoever is being done, yet we have, perhaps as a kind of palliative or sop to the public, this bill which pretends on the surface to do something about the problem. It speaks of channelling Canadian savings more and more into investment in Canadian corporations. It should be clear from my remarks that there is not the least hope in the world that this bill will do it within the next 10 years, if ever.

My suggestion is that we study the Swedish example in addition to those of the Japanese, Swiss, Dutch, and even the French.

Hon. Mr. Benidickson: There is also Mexico.

Hon. Mr. Grosart: I have no knowledge, Senator Benidickson, of the Mexican economy; I have not studied it, but I know something of the others. They have set up in various ways corporations that make capital available. They do not put a limit of $1 million on shareholders' interest. They consider every single proposition and examine it in terms of its export potential and the potential for the domestic market. They have boards of experts, and arrangements with their banks. A liaison between government, business and labour has developed in these countries.

Honourable senators, if instead of this bill we had a genuine attempt on the part of the Government to remedy what is certainly the greatest recurrent economic disease of Canada, this continual confrontation between government, business and labour, it would be a better prospect. Other countries are solving it, but I see no indication that this Government is facing up to it. Certain departments of government are baiting business; business is certainly misunderstanding and still calling the Government names. Labour is calling both business and the Government names. How are we to achieve any of the purposes of this bill unless we get down to cases? If this bill was a step in that direction I would be in favour of it. There is nothing in it to indicate that it is even a partnership between Government and business. The Government intends to establish a corporation and has the power to take over existing firms and some power to invest in new ventures.

There is mention of technological innovations, but with the limitation that I have indicated, which makes it meaningless.

I say, honourable senators, that I am disappointed in this bill. For eight years I have looked forward to it. I was a supporter and have been since the start of a concept in government conceiving a viable method of funding corporate progress in this country, one which by its own terms would bring together such matters as profit sharing and others. They are all well-known techniques, which are being used in other countries. The concept is to somehow produce a bill which, using the financial power of the Government, would bring together these elements and really contribute to the kind of corporate development that we must have in Canada unless we are to go further down in the international trade race than we are at the moment.

On motion of Hon. Mr. McDonald, for Hon. Mr. Hayden, debate adjourned.

[*Translation*]

POST OFFICE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Azellus Denis moved the second reading of Bill C-240, to amend the Post Office Act.

He said: Honourable senators, never does a government gladly ask the population to pay more taxes or higher rates. However, when necessity demands it and the increases are necessary and justified, it is, in my opinion, the government's duty to take such a step. We must therefore honour the courage and pluck of the Government which, aware of its responsibility, proposes enaction of Bill C-240, which I have the honour to submit here, concerning increases in rates of postage on first class mail. I consider this increase to be amply justified by a succession of substantial deficits, and necessary in order to bring about an improvement of postal services.

Honourable senators, the Post Office Department anticipates a deficit of $113 million for the year 1971-72 which is to reach $120 million for 1972-73, to speak only

of those two years. I consider it to be desirable that the Post Office Department should cover its expenses or, at least, that the gap between costs and revenues should not be too great.

The one-cent increase in the letter rate from July 1971 to January 1972 will bring in approximately $37 million in additional revenue, and the two-cent increase for the year 1972-1973 will yield about $80 million more. Obviously this additional revenue will not make up the deficits, but the gap will not be very great and it should be substantially reduced in the next five years according to the department's forecasts.

Any deficit must be compensated for in one way or another. Should the bill be paid by the general public or rather by those who use the postal services the most?

The Government has decided to have mail users pay for this deficit, to a large extent those who make the greatest use of postal services and to a lesser extent those who only use them occasionally. It is a well known fact that 80 per cent of postal receipts come from business firms and industries which send out a large volume of mail, such as, for instance, department stores, power and telephone companies, etc. For the individuals who only avail themselves of postal services once in a while, this increase will represent an average of fifty cents a year.

These large business firms and companies surely can bear this increase for a service they use regularly; and I do not believe that such a raise will mean bankruptcy for them. This increase for individuals as well as for companies and business firms is very small, in comparison with price increases for consumer goods or with salary increases and I also have in mind the present cost of clothing, food, housing and services.

[*English*]

May I add that it is significant that letter rates in Canada, on a truly comparable basis, are much lower than in most other highly developed countries. To reach this conclusion, we related postal rates in each country to the average hourly earnings of manufacturing workers in that country. This provided us with a percentage showing postage rates related to a purchasing power common denominator.

Of seven countries examined on this basis, Canada has the lowest real cost of stamp. Specifically, the average worker in this country can mail a first-class letter with what he earns from two per cent on his hourly wage. In Great Britain, by comparison, it takes over twice as much labour application; namely, five per cent of the average hourly wage of the worker is required to pay for a first-class mail stamp. In Australia the real cost of a first-class mail stamp in buying power equivalent is almost two and a half times that in Canada, while in France it is five times as much. On these grounds, the new rates bear a most favourable comparison with these countries.

[*Translation*]

Honourable senators, this increase will serve not only to make up deficits and to pay part of the cost of transportation and salaries, which, incidentally, have increased this year by $5 million and $45 million respectively, but this increase will also help to improve postal services. A few examples should be enough to prove that the department wishes to give Canada one of the best postal services in the world.

Some $300 million will be used to modernize or erect buildings for postal services up to 1975. An $80 million mechanization program will be carried out to speed up mail delivery. You know that what has been called the postal code has been inaugurated in Ottawa and that, in 1974, it will cover the major cities of the country.

We have just received a notice explaining the assured mail service, which was begun last week here in Ottawa through the installation of special mail boxes bearing blue and white stripes and which guarantees delivery within 24 hours to the localities mentioned on the said boxes, without additional cost, provided, however, that the mail be deposited on time, an easy enough condition to fulfil for this improvement in speeding up and guaranteeing mail delivery.

[*English*]

In order to meet widely expressed public views, we have moved to resume the extension of letter carrier service where conditions justify it. During the calendar year 1971, the Post Office will establish 23 new such services. Again to meet public demand we have restored wicket services on Saturdays in many offices. This wicket service is estimated to cost $900,000 in the current year.

A six-day delivery service was not restored, because most customers have found a five-day service to be adequate. The background to this is the increasing trend of Canadian business towards Saturday closing, and the corresponding social trend in all communities towards relaxed weekends. Moreover, this discontinuance allows for a saving of about $13 million in the first year, and proportionately higher savings in future years.

Similarly, discontinuance of the twice daily mail delivery to residential areas has found general public acceptance. For businesses the twice daily delivery is, of course, continued. There is an annual saving of $25 million.

If I may refer to the five per cent commission for the sale of stamps, this change is being proposed to enable the Post Office to respond to customer needs for more stamp sales outlets at locations where regular post office installations are not warranted. The change will tend to make the handling of postage items more attractive to a greater number of business establishments, and permit the Post Office to be more selective in determining the location of outlets for postage items.

The Post Office is asking for authority to introduce a zone rate structure for letter packets over one pound. A zone rate structure would bring greater equity in the rate levels for these heavier items and would put that service in a more competitive situation with the private sector.

The Post Office is also seeking authority to provide rate incentives to large customers who are willing to prepare their mail at a production saving to the department. I would like to make it clear, however, that the benefit to the mailer would not exceed the net reduction in costs to the Post Office.

[*Translation*]

This bill delegates a host of powers from the Postmaster General to the regional general managers and directors of postal districts in order to decentralize the work and allow most of the decisions to be taken in the field instead of being constantly referred to the minister's office. Needless to say, this new policy will considerably accelerate the work and increase the efficiency of the Post Office Department; it will also doubtless please those who are scared "blue" or "red" of patronage.

Additional privileges will be granted mail for the blind.

As the Post Office Department must pay for the use of premises, it will ask the other departments to pay for the postal services it gives them.

To make communications even easier between the legislators and the citizens, postage-free mail will include not only the correspondence addressed from Ottawa to the homes of citizens and vice versa, but also to the correspondence between the home of the legislator and that of the Canadian citizen. The same will apply to four annual mailings of printed matter by the legislator, thus sparing the inconvenience and the trouble formerly caused by those who used to do it in a roundabout way by first addressing such mailings to the House of Commons and from there to their ultimate destination.

Honourable senators, if the department's forecasts prove to be right, it is estimated that before 1975, the difference between costs and revenues will be substantially reduced and even eliminated although the Post Office plans numerous improvements.

Those were the main things I wanted to say about the bill. I briefly outlined the main changes that will be made in order to improve the postal service of which we should be proud.

Honourable senators, if the bill is given second reading, I intend to move that it be referred to the Committee on Transport and Communications. Officials of the department will answer the questions of honourable senators who would like more information. Having had the privilege of knowing several of them, I can assure you of their great competence and I take this opportunity to pay them a tribute.

[*English*]

On motion of Hon. Mr. White, debate adjourned.

BUSINESS OF THE SENATE

Hon. Mr. McDonald: Honourable senators, before we adjourn, may I mention that the house will not be sitting on Thursday next, which is St-Jean-Baptiste Day. However, four committee meetings have been arranged for that day. The house itself will sit on Friday.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1159.*)

CONSTITUTIONAL CONFERENCE

STATEMENT OF CONCLUSIONS

1. The 7th meeting of the Constitutional Conference was held in Victoria on June 14-16, on the occasion of the 100th anniversary of the entry of British Columbia into Confederation.

2. The Conference discussions dealt with constitutional provisions as set forth in a Charter which is based on the consensus arrived at in the Working Session of the Constitutional Conference in February 1971. While that consensus was the starting point, the negotiations at the Victoria Conference have been extensive and far-reaching. The first Ministers have agreed that the texts as drafted are of such importance that they should be reported to all governments for consideration. If the Charter, which is to be treated as a whole, is accepted, and this acceptance is communicated to the Secretary of the Constitutional Conference by Monday, June 28th, 1971, governments will recommend the Charter to their Legislative Assemblies and, in the case of the Federal Government, to both Houses of Parliament.

3. The acceptance of the Charter by both Houses of Parliament and by the Legislative Assemblies would enable the necessary action to be taken to patriate the Canadian Constitution, so that the power to amend and to enact constitutional provisions will rest exclusively with the Canadian people.

4. The proposed Charter also contains the terms of a formula for amending the Constitution entirely within Canada, and a number of other provisions to be incorporated into the Constitution at the time of patriation. These provisions are concerned with certain basic political and language rights, regional disparities, the Supreme Court of Canada, federal-provincial consultation, and the repeal of reservation and disallowance. In addition, a number of steps would be taken to bring the language of the Constitution up to date, including the renaming of certain enactments, and the deletion of spent and irrelevant provisions.

5. The Constitutional Conference also discussed the subject of social policy. It agreed to include in the proposed Charter an amendment to Section 94A of the B.N.A. Act by adding to its provisions family, youth and occupational training allowances. In addition, a new subsection is to be added requiring consultation by the Government of Canada with provinces on any proposed legislation in relation to a matter covered by the revised section.

6. An early meeting of First Ministers will be held to discuss all aspects of federal-provincial fiscal arrangements, including tax reform, shared-cost programs, equalization and tax sharing.

7. First Ministers expressed their appreciation to the Prime Minister of British Columbia for his hospitality in receiving the Conference in Victoria in his province's centennial year.

CANADIAN CONSTITUTIONAL CHARTER

1971

PART I

POLITICAL RIGHTS

Art. 1. It is hereby recognized and declared that in Canada every person has the following fundamental freedoms:

freedom of thought, conscience and religion,
freedom of opinion and expression,
and
freedom of peaceful assembly and of association;

and all laws shall be construed and applied so as not to abrogate or abridge any such freedom.

Art. 2. No law of the Parliament of Canada or the Legislatures of the Provinces shall abrogate or abridge any of the fundamental freedoms herein recognized and declared.

Art. 3. Nothing in this Part shall be construed as preventing such limitations on the exercise of the fundamental freedoms as are reasonably justifiable in a democratic society in the interests of public safety, order, health or morals, of national security, or of the rights and freedoms of others, whether imposed by the Parliament of Canada or the Legislature of a Province, within the limits of their respective legislative powers, or by the construction or application of any law.

Art. 4. The principles of universal suffrage and free democratic elections to the House of Commons and to the Legislative Assembly of each Province are hereby proclaimed to be fundamental principles of the Constitution.

Art. 5. No citizen shall, by reason of race, ethnic or national origin, colour, religion or sex, be denied the right to vote in an election of members to the House of Commons or the Legislative Assembly of a Province, or be disqualified from membership therein.

Art. 6. Every House of Commons shall continue for five years from the day of the return of the writs for choosing the House and no longer, subject to being sooner dissolved by the Governor General, except that in time of real or apprehended war, invasion or insurrection, a House of Commons may be continued by the Parliament of Canada if the continuation is not opposed by the votes of more than one-third of the members of the House.

Art. 7. Every Provincial Legislative Assembly shall continue for five years from the day of the return of the writs for the choosing of the Legislative Assembly, and no longer, subject to being sooner dissolved by the Lieutenant-Governor, except that when the Government of Canada declares that a state of real or apprehended war, invasion or insurrection exists, a Provincial Legislative Assembly may be continued if the continuation is not opposed by the votes of more than one-third of the members of the Legislative Assembly.

Art. 8. There shall be a session of the Parliament of Canada and of the Legislature of each Province at least once in every year, so that twelve months shall not intervene between the last sitting of the Parliament or Legislature in one session and its first sitting in the next session.

Art. 9. Nothing in this Part shall be deemed to confer any legislative power on the Parliament of Canada or the Legislature of any Province.

PART II

LANGUAGE RIGHTS

Art. 10. English and French are the official languages of Canada having the status and protection set forth in this Part.

Art. 11. A person has the right to use English and French in the debates of the Parliament of Canada and of the Legislatures of Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, Prince Edward Island and Newfoundland.

Art. 12. The statutes and the records and journals of the Parliament of Canada shall be printed and published in English and French: and both versions of such statutes shall be authoritative.

Art. 13. The statutes of each Province shall be printed and published in English and French, and where the Government of a Province, prints and publishes its statutes in one only of the official languages, the Government of Canada shall print and publish them in the other official language; the English and French versions of the statutes of the Provinces of Quebec, New Brunswick and Newfoundland shall be authoritative.

Art. 14. A person has the right to use English and French in giving evidence before, or in any pleading or process in the Supreme Court of Canada, any courts established by the Parliament of Canada or any court of the Provinces of Quebec, New Brunswick and Newfoundland, and to require that all documents and judgments issuing from such courts be in English or French, and when necessary a person is entitled to the services of an interpreter before the courts of the other Provinces.

Art. 15. An individual has the right to the use of the official language of his choice in communications between him and the head or central office of every department and agency of the Government of Canada and of the Governments of the Provinces of Ontario, Quebec, New Brunswick, Prince Edward Island and Newfoundland.

Art. 16. A Provincial Legislative Assembly may, by resolution, declare that any part of Articles 13, 14, and 15 that do not expressly apply to that Province shall apply to the Legislative Assembly, and to any of the provincial

courts and offices of the provincial departments and agencies according to the terms of the resolution, and thereafter such parts shall apply to the Legislative Assembly, courts and offices specified according to the terms of the resolution; and any right conferred under this Article may be abrogated or diminished only in accordance with the procedure prescribed in Article 50.

Art. 17. A person has the right to the use of the official language of his choice in communications between him and every principal office of the departments and agencies of the Government of Canada that are located in an area where a substantial proportion of the population has the official language of his choice as its mother tongue, but the Parliament of Canada may define the limits of such areas and what constitutes a substantial proportion of the population for the purposes of this Article.

Art. 18. In addition to the rights provided by this Part, the Parliament of Canada and the Legislatures of the Provinces may, within their respective legislative jurisdictions, provide for more extensive use of English and French.

Art. 19. Nothing in this Part shall be construed as derogating from or diminishing any legal or customary right or privilege acquired or enjoyed either before or after the coming into Force of this Part with respect to any language that is not English or French.

PART III

PROVINCES AND TERRITORIES

Art. 20. Until modified under the authority of the Constitution of Canada, Canada consists of ten Provinces, named Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, British Columbia, Prince Edward Island, Saskatchewan, Alberta and Newfoundland, two Territories, named the Northwest Territories and the Yukon Territory, and such other territory as may at any time form part of Canada.

Art. 21. There shall be a Legislature for each Province consisting of a Lieutenant-Governor and a Legislative Assembly.

PART IV

SUPREME COURT OF CANADA

Art. 22. There shall be a general court of appeal for Canada to be known as the Supreme Court of Canada.

Art. 23. The Supreme Court of Canada shall consist of a chief justice to be called the Chief Justice of Canada, and eight other judges, who shall, subject to this Part, be appointed by the Governor General in Council by letters patent under the Great Seal of Canada.

Art. 24. Any person may be appointed a judge of the Supreme Court of Canada who, after having been admitted to the Bar of any Province, has, for a total period of at least ten years, been a judge of any court in Canada or a barrister or advocate at the Bar of any Province.

Art. 25. At least three of the judges of the Supreme Court of Canada shall be appointed from among persons who, after having been admitted to the Bar of the Province of Quebec, have, for a total period of at least ten years, been judges of any court of that Province or of a court established by the Parliament of Canada or barristers or advocates at that Bar.

Art. 26. Where a vacancy arises in the Supreme Court of Canada and the Attorney General of Canada is considering a person for appointment to fill the vacancy, he shall inform the Attorney General of the appropriate Province.

Art. 27. When an appointment is one falling within Article 25 or the Attorney General of Canada has determined that the appointment shall be made from among persons who have been admitted to the Bar of a specific Province, he shall make all reasonable efforts to reach agreement with the Attorney General of the appropriate Province, before a person is appointed to the Court.

Art. 28. No person shall be appointed to the Supreme Court of Canada unless the Attorney General of Canada and the Attorney General of the appropriate Province agree to the appointment, or such person has been recommended for appointment to the Court by a nominating council described in Article 30, or has been selected by the Attorney General of Canada under Article 30.

Art. 29. Where after the lapse of ninety days from the day a vacancy arises in the Supreme Court of Canada, the Attorney General of Canada and the Attorney General of a Province have not reached agreement on a person to be appointed to fill the vacancy, the Attorney General of Canada may inform the Attorney General of the appropriate Province in writing that he proposes to convene a nominating council to recommend an appointment.

Art. 30. Within thirty days of the day when the Attorney General of Canada has written the Attorney General of the Province that he proposes to convene a nominating council, the Attorney General of the Province may inform the Attorney General of Canada in writing that he selects either of the following types of nominating councils:

(1) a nominating council consisting of the following members: the Attorney General of Canada or his nominee and the Attorneys General of the Provinces or their nominees;

(2) a nominating council consisting of the following members: the Attorney General of Canada or his nominee, the Attorney General of the appropriate Province or his nominee and a Chairman to be selected by the two Attorneys General, and if within six months from the expiration of the thirty days they cannot agree on a Chairman, then the Chief Justice of the appropriate Province, of if he is unable to act, the next senior Judge of his court, shall name a Chairman;

and if the Attorney General of the Province fails to make a selection within the thirty days above referred to, the

Attorney General of Canada may select the person to be appointed.

Art. 31. When a nominating council has been created, the Attorney General of Canada shall submit the names of not less than three qualified persons to it about whom he has sought the agreement of the Attorney General of the appropriate Province to the appointment, and the nominating council shall recommend therefrom a person for appointment to the Supreme Court of Canada; a majority of the members of a council constitutes a quorum, and a recommendation of a majority of the members at a meeting constitutes a recommendation of the council.

Art. 32. For the purpose of Articles 26 to 31 "appropriate Province" means, in the case of a person being considered for appointment to the Supreme Court of Canada in compliance with Article 26, the Province of Quebec, and in the case of any other person being so considered, the Province to the bar of which such person was admitted, and if a person was admitted to the bar of more than one Province, the Province with the bar of which the person has, in the opinion of the Attorney General of Canada, the closest connection.

Art. 33. Articles 26 to 32 do not apply to the appointment of the Chief Justice of Canada when such appointment is made from among the judges of the Supreme Court of Canada.

Art. 34. The judges of the Supreme Court of Canada hold office during good behaviour until attaining the age of seventy years, but are removable by the Governor General on address of the Senate and House of Commons.

Art. 35. The Supreme Court of Canada has jurisdiction to hear and determine appeals on any constitutional question from any judgment of any court in Canada and from any decision on any constitutional question by any such court in determining any question referred to it, but except as regards appeals from the highest court of final resort in a Province, the Supreme Court of Canada may prescribe such exceptions and conditions to the exercise of such jurisdiction as may be authorized by the Parliament of Canada.

Art. 36. Subject to this Part, the Supreme Court of Canada shall have such further appellate jurisdiction as the Parliament of Canada may prescribe.

Art. 37. The Parliament of Canada may make laws conferring original jurisdiction on the Supreme Court of Canada in respect of such matters in relation of the laws of Canada as may be prescribed by the Parliament of Canada, and authorizing the reference of questions of law or fact to the court and requiring the court to hear and determine the questions.

Art. 38. Subject to this Part, the judgment of the Supreme Court of Canada in all cases is final and conclusive.

Art. 39. Where a case before the Supreme Court of Canada involves questions of law relating to the civil law of the Province of Quebec, and involves no other question of law, it shall be heard by a panel of five judges, or with the consent of the parties, four judges, at least three of whom have the qualifications described in Article 25, and if for any reason three judges of the court who have such qualifications are not available, the court may name such *ad hoc* judges as may be necessary to hear the case from among the judges who have such qualifications serving on a superior court of record established by the law of Canada or of a superior court of appeal of the Province of Quebec.

Art. 40. Nothing in this Part shall be construed as restricting the power existing at the commencement of this Charter of a Provincial Legislature to provide for or limit appeals pursuant to its power to legislate in relation to the administration of justice in the Province.

Art. 41. The salaries, allowances and pensions of the judges of the Supreme Court of Canada shall be fixed and provided by the Parliament of Canada.

Art. 42. Subject to this Part, the Parliament of Canada may make laws to provide for the organization and maintenance of the Supreme Court of Canada, including the establishment of a quorum for particular purposes.

PART V

COURTS OF CANADA

Art. 43. The Parliament of Canada may, notwithstanding anything in the Constitution of Canada, from time to time provide for the constitution, maintenance, and organization of courts for the better administration of the laws of Canada, but no court established pursuant to this Article shall derogate from the jurisdiction of the Supreme Court of Canada as a general court of appeal for Canada.

PART VI

REVISED SECTION 94A

Art. 44. The Parliament of Canada may make laws in relation to old age pensions and supplementary benefits including survivors' and disability benefits irrespective of age, and in relation to family, youth, and occupational training allowances, but no such law shall affect the operation of any law present or future of a Provincial Legislature in relation to any such matter.

Art. 45. The Government of Canada shall not introduce a bill in the House of Commons in relation to a matter described in Article 44 unless it has at least ninety days before such introduction, advised the government of each Province of the substance of the proposed legislation and requested its views thereon.

PART VII

REGIONAL DISPARITIES

Art. 46. The Parliament and Government of Canada and the Legislatures and Governments of the Provinces are committed to:

(1) the promotion of equality of opportunity and well being for all individuals in Canada;

(2) the assurance, as nearly as possible, that essential public services of reasonable quality are available to all individuals in Canada; and

(3) the promotion of economic development to reduce disparities in the social and economic opportunities for all individuals in Canada wherever they may live.

Art. 47. The provisions of this Part shall not have the effect of altering the distribution of powers and shall not compel the Parliaments of Canada or Legislature of the Provinces to exercise their legislative powers.

PART VIII

FEDERAL-PROVINCIAL CONSULTATION

Art. 48. A Conference composed of the Prime Minister of Canada and the First Ministers of the Provinces shall be called by the Prime Minister of Canada at least once a year unless, in any year, a majority of those composing the Conference decide that it shall not be held.

PART IX

AMENDMENTS TO THE CONSTITUTION

Art. 49. Amendments to the Constitution of Canada may from time to time be made by proclamation issued by the Governor General under the Great Seal of Canada when so authorized by resolutions of the Senate and House of Commons and of the Legislative Assemblies of at least a majority of the Provinces that includes

(1) every Province that at any time before the issue of such proclamation had, according to any previous general census, a population of at least twenty-five per cent of the population of Canada;

(2) at least two of the Atlantic Provinces;

(3) at least two of the Western Provinces that have, according to the then latest general census, combined populations of at least fifty per cent of the population of all the Western Provinces.

Art. 50. Amendments to the Constitution of Canada in relation to any provision that applies to one or more, but not all, of the Provinces may from time to time be made by proclamation issued by the Governor General under the Great Seal of Canada when so authorized by resolutions of the Senate and House of Commons and of the Legislative Assembly of each Province to which an amendment applies.

Art. 51. An amendment may be made by proclamation under Article 49 or 50 without a resolution of the Senate authorizing the issue of the proclamation if within ninety days of the passage of a resolution by the House of Commons authorizing its issue the Senate has not passed such a resolution and at any time after the expiration of the ninety days the House of Commons again passes the resolution, but any period when Parliament is prorogued or dissolved shall not be counted in computing the ninety days.

Art 52. The following rules apply to the procedures for amendment described in Articles 49 and 50:

(1) either of these procedures may be initiated by the Senate or the House of Commons or the Legislative Assembly of a Province;

(2) a resolution made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

Art 53. The Parliament of Canada may exclusively make laws from time to time amending the Constitution of Canada, in relation to the executive Government of Canada and the Senate and House of Commons.

Art. 54. In each Province the Legislature may exclusively make laws in relation to the amendment from time to time of the Constitution of the Province.

Art. 55. Notwithstanding Articles 53 and 54, the following matters may be amended only in accordance with the procedure in Article 49:

(1) the office of the Queen, of the Governor General and of the Lieutenant-Governor;

(2) the requirements of the Constitution of Canada respecting yearly sessions of the Parliament of Canada and the Legislatures;

(3) the maximum period fixed by the Constitution of Canada for the duration of the House of Commons and the Legislative Assemblies;

(4) the powers of the Senate;

(5) the number of members by which a Province is entitled to be represented in the Senate, and the residence qualifications of Senators;

(6) the right of a Province to a number of members in the House of Commons not less than the number of Senators representing the Province;

(7) the principles of proportionate representation of the Provinces in the House of Commons prescribed by the Constitution of Canada; and

(8) except as provided in Article 16, the requirements of this Charter respecting the use of the English or French language.

Art. 56. The procedure prescribed in Article 49 may not be used to make an amendment when there is another provision for making such amendment in the Constitution of Canada, but that procedure may nonetheless be used to amend any provision for amending the Constitution, including this Article, or in making a general consolidation and revision of the Constitution.

Art. 57. In this Part, "Atlantic Provinces" means the Provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland, and "Western Provinces" means the Provinces of Manitoba, British Columbia, Saskatchewan and Alberta.

PART X

MODERNIZATION OF THE CONSTITUTION

Art. 58. The provisions of this Charter have the force of law in Canada notwithstanding any law in force on the day of its coming into force.

Art. 59. The enactments set out in the first column of the Schedule, hereby repealed to the extent indicated in the second column thereof, shall continue as law in Canada under the names set forth in the third column thereof and as such shall, together with this Charter, collectively be known as the Constitution of Canada, and amendments thereto shall henceforth be made only according to the authority contained therein.

Art. 60. Every enactment that refers to an enactment set out in the Schedule by the name in the first column thereof is hereby amended by substituting for that name the name in the third column thereof.

Art. 61. The court existing on the day of the coming into force of this Charter under the name of the Supreme Court of Canada shall continue as the Supreme Court of Canada, and the judges thereof shall continue in office as though appointed under Part IV except that they shall hold office during good behaviour until attaining the age of seventy-five years, and until otherwise provided pursuant to the provisions of that Part, all laws pertaining to the court in force on that day shall continue, subject to the provisions of this Charter.

SCHEDULE

This Schedule is NOT final, subject to confirmation

Enactments	Extent of Repeal	New Name
British North America Act, 1867, 30–31 Vict., c. 3 (U.K.).	Long title; preamble; the heading immediately preceding section 1; sections 1, 5, the words between brackets in section 12; sections 19, 20, 37, 40, 41, 47, 50, the words "and to Her Majesty's Instructions" and the words "or that he reserves the Bill for the Signification of the Queen's Pleasure" in section 55; sections 56, 57, 63; the words between brackets in section 65; sections 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 83, 84, 85, 86; the words "the Disallowance of Acts, and the Signification of Pleasure on Bills reserved" and the words "of the Governor General for the Queen and for a Secretary of State, of One Year for Two Years, and of the Province for Canada" in section 90; head (1) of section 91; head (1) of section 92; 94A; sections 101, 103, 104, 105, 106, 107, 119, 120, 122, 123; the words between brackets in section 129; sections 130, 134, 141, 142; the heading immediately preceding section 146; sections 146, 147; the First Schedule; the Second Schedule.	Constitution Act, 1867.
An Act to amend and continue the Act 32 and 33 Victoria chapter 3; and to establish and provide for the Government of the Province of Manitoba, 1870, 33 Vict., c. 3 (Can.).	Long title; Enacting clause; sections 3, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 25.	Manitoba Act, 1870.
Order of Her Majesty in Council admitting British Columbia into the Union, dated the 16th day of May 1871.	The whole except terms 4, 9, 10, 13, 14 in the Schedule.	British Columbia Terms of Union
British North America Act, 1871, 34–35 Vict., c. 28 (U.K.), and all acts enacted under section 3 thereof.	Long title; Preamble, enacting clause; sections 1, 6.	Constitution Act, 1871.
Order of Her Majesty in Council admitting Prince Edward Island into the Union, dated the 26th day of June, 1873.	The whole, except the conditions in the schedule relating to the provision of steam service and telegraphic communication between the Island and the mainland, the condition respecting the constitution of the executive authority and the Legislature of the province, and the condition applying the British North America Act, 1867 to the province.	Prince Edward Island Terms of Union
Parliament of Canada Act, 1875, 38–39 Vict., c. 38 (U.K.).	Long title; Preamble, enacting clause.	Parliament of Canada Act, 1875.

Enactments	Extent of Repeal	New Name
Order of Her Majesty in Council admitting all British possessions and Territories in North America and islands adjacent thereto into the Union, dated the 31st day of July, 1880.	The whole, except the last paragraph.	Adjacent Territories Order.
British North America Act, 1886, 49–50 Vict., c. 35 (U.K.).	Long title; section 3.	Constitution Act, 1886.
Canada (Ontario Boundary) Act, 1889, 52–53 Vict., c. 28 (U.K.).	Long title; preamble; enacting clause.	Canada (Ontario Boundary) Act, 1889.
Canadian Speaker (Appointment of Deputy) Act, 1895, Session 2, 59 Vict., c. 3 (U.K.).	Long title; preamble, enacting clause, Section 2.	Canadian Speaker (Appointment of Deputy) Act, 1895.
Alberta Act, 1905, 4–5 Edw. VII, c. 3 (Can.).	Long title; enacting clause, sections 4, 5, 6, 7, 12, 13, 15, 16(2), 18, 19, 20, Schedule.	Alberta Act.
Saskatchewan Act, 1905, 4–5 Edw. VII, c. 42 (Can.).	Long title; enacting clause; sections 4, 5, 6, 7, 12, 13, 14, 15, 16(2), 18, 19, 20, Schedule.	Saskatchewan Act.
British North America Act, 1907, 7 Edw. VII, c. 11 (U.K.).	Long title; preamble, enacting clause, section 2, Schedule.	Constitution Act, 1907.
British North America Act, 1915, 5–6 Geo. V. c. 45 (U.K.).	Long title; enacting clause, section 3.	Constitution Act, 1915.
British North America Act, 1930, 20–21 Geo. V, c. 26 (U.K.).	Long title; fourth paragraph of preamble, enacting clause, section 3.	Constitution Act, 1930.
Statute of Westminster, 1931, 22 Geo. V, c. 4 (U.K.). in so far as it applies to Canada.	Long title; the words "and Newfoundland" in sections 1 and 10(3); section 4 in so far as it applies to Canada; section 7(1).	Statute of Westminster, 1931.
British North America Act, 1940, 3–4 Geo. VI, c. 36 (U.K.).	Long title; preamble, enacting clause, section 2.	Constitution Act, 1940.
British North America Act, 1943, 7 Geo. VI, c. 30 (U.K.).	The whole.	
British North America Act, 1946, 10 Geo. VI, c. 63 (U.K.).	Long title; preamble, enacting clause, section 2.	Constitution Act, 1946.
British North America Act, 1949, 12 and 13 Geo. VI, c. 22 (U.K.).	Long title; third paragraph in preamble; enacting clause; sections 2, 3; terms 6(2), (3), 15(2), 16, 22(2), (4), 24, 27, 28, 29 in the Schedule.	Constitution Act, 1949.
British North America (No. 2) Act, 1949 (U.K.). 13 Geo. VI, c. 81 (U.K.).	The whole	
British North America Act, R.S.C., 1952, c. 304 (Can.).	Section 2.	Constitution Act, 1952.
British North America Act, 1960, 9 Eliz. II, c. 2 (U.K.).	Long title; preamble; enacting clause; sections 2, 3.	Constitution Act, 1960.
British North America Act, 1964, 12 and 13, Eliz. II, c. 73 (U.K.).	Long title; enacting clause; section 2.	Constitution Act, 1964.
British North America Act, 1965, 14 Eliz. II, c. 4, Part I (Can.).	Section 2.	Constitution Act, 1965.

THE SENATE

Tuesday, June 22, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Laprise had been substituted for that of Mr. Beaudoin on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

CLEAN AIR BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-224, relating to ambient air quality and to the control of air pollution.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin moved that the bill be read a second time later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of the text of a proposed Order in Council authorizing the issuance of a proclamation for the establishment of a Ministry of State for Science and Technology, pursuant to sections 14 and 15 of the Ministries and Ministers of State Act, Part IV of chapter 42, Statutes of Canada, 1970-71.

Volumes I and II of a report entitled "Proposals for a New Business Corporations Law for Canada", together with statement thereon by the Minister of Consumer and Corporate Affairs.

UNEMPLOYMENT INSURANCE BILL, 1971

REPORT OF COMMITTEE

Hon. Chesley W. Carter, Acting Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-229, respecting unemployment insurance in Canada, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. John J. Connolly moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. A. Hamilton McDonald, with leave of the Senate and notwithstanding Rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, 23rd June, 1971, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Has the honourable Senator McDonald leave to proceed with his motion?

Hon. Senators: Agreed.

The Hon. the Speaker: Rule 76(4) forbids a Select Committee to sit during a sitting of the Senate. Is it your pleasure to adopt the motion?

Hon. Mr. Flynn: Would the honourable senator explain the necessity for his motion?

Hon. Mr. McDonald: I am sure that Senator Flynn is aware that last night, on behalf of Senator Hayden, I adjourned the debate on the second reading of Bill C-219, to establish the Canada Development Corporation. I expect that Senator Hayden will proceed with that item later today, and that will conclude the debate on second reading. It is desirous to have this bill before the Banking, Trade and Commerce Committee tomorrow. The committee will also resume its consideration of Bill S-9, to amend the Copyright Act.

Hon. Mr. Flynn: The motion to sit in the afternoon is required in case the committee cannot complete its consideration of these two bills in the morning?

Hon. Mr. McDonald: Yes.

Hon. Mr. Walker: I intended to speak briefly on Bill C-219 today. May I do so and then adjourn the debate on behalf of Senator Hayden for later today?

Hon. Mr. Martin: Yes.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

VIETNAM

TRANSMISSION OF INFORMATION BETWEEN CANADA AND THE UNITED STATES IN 1964—QUESTION

Hon. W. M. Benidickson: Honourable senators, I would like to address a question to the Leader of the Government, who is the former Secretary of State for External Affairs. I wonder if he has read the seventh in a series of articles on a secret study made by the Pentagon of the United States with respect to participation in the Vietnam War? This article from the New York *Times*, which appeared in the *Globe and Mail* on June 21, states that while the United States had been lending assistance to South Vietnam surreptitiously for quite a number of months in 1964, it had done so without advice to congressional leaders. They had on the Pentagon shelf two bombing plans with respect to North Vietnam, phase one and phase two.

Again, prior to giving information to Congress, in December 1964 the members of the Security Council pressed the President to go ahead with phase one of this bombing plan. The article states that at a meeting of the U.S. Security Council held on December 1, the President became rather cautious and said that before giving his authorization he wanted "new, dramatic, effective forms of assistance from several allied countries." He specifically mentioned Australia, New Zealand, Canada, the Philippines, and the United Kingdom. These countries were to be briefed with respect to the two bombing plans.

The article goes on to state that special envoys were in fact sent to these countries, that two or three were given full information respecting both plans, and that Canada was given somewhat less information than that given to some of the other countries. Nevertheless, a special envoy from the United States was sent to Ottawa, I think in early December, to speak about the plan to the Canadian Government.

I wonder if the former Secretary of State for External Affairs could inform Canadians as to what advice or reply was given on behalf of Canada to the representations made by the special United States envoy, who thought that Canada might be a possible ally in deepening the involvement of the war by the commencement of bombing in North Vietnam?

Hon. Paul Martin: Honourable senators, last night Senator Benidickson intimated that he proposed to ask a question with respect to some of the documents that have recently been published by certain American newspapers. I did not specifically understand that the question would be in as detailed a form as it is today. I would prefer to take the question as notice and endeavour to deal with it later.

SAINT-JEAN-BAPTISTE DAY

OBSERVANCE OF HOLIDAY BY PARLIAMENT—QUESTION

Hon. Lionel Choquette: Honourable senators, I would like to ask some questions of the Leader of the Government. I suppose the leader is aware that Thursday next, June 24, is a statutory holiday. I would like to ask two or three questions:

Is this holiday observed in the other place? Is it observed in this house? Are committees to sit on that day? If so, is the leader aware that both the parliamentary restaurant and the cafeteria will be closed on that day?

Hon. Paul Martin: I am not aware of the closing of the restaurant and cafeteria. However, I certainly will check into this, because it is the intention that committees of the Senate will sit on that day although the Senate itself will not sit. Under the law, the House of Commons itself does not sit on that day.

Hon. Mr. Choquette: What is the difference between the Senate and its committees when it comes to observing or not observing June 24? I am afraid that you will not have a quorum in any of the committees you intend to have sit.

Hon. Mr. Martin: That would be regrettable. Last year the committees sat and we had quorums. I am sure all honourable senators regard it desirable to be here.

Hon. Jacques Flynn: I was not here when the honourable Senator McDonald moved the adjournment of the Senate last night and indicated that the house would sit on Friday and that committees would sit on Thursday. I suggest that this is a matter the Leader of the Government could discuss with me in an effort to comply with the wishes of the majority of this house.

BUSINESS CORPORATIONS LAW

SUGGESTED STUDY OF PROPOSALS BY SENATE COMMITTEE—QUESTION

Hon. John J. Connolly: May I ask the Leader of the Government (Hon. Mr. Martin) a question? In one of the documents tabled today there is a two-volume report entitled "Proposals for a New Business Corporations Law for Canada". It appears to be a rather formidable document, perhaps with far-reaching consequences for corporate law in Canada. I wonder whether the Leader of the Government has given any consideration to a committee of this house, perhaps the Standing Senate Committee on Banking, Trade and Commerce, making a study of these proposals some time in the fall?

Hon. Mr. Martin: That is a constructive suggestion, and perhaps Senator Connolly (Ottawa West) would like to make this proposal when we meet in September. If not, I would be glad to do so.

Hon. Mr. Connolly (Ottawa West): It might be discussed with the chairman of the committee.

Hon. Mr. Martin: Yes.

POVERTY COMMITTEE

ARTICLE BY FORMER STAFF MEMBERS—QUESTION REFERRED TO SENATE PARLIAMENTARY COUNSEL

Hon. Paul Martin: Honourable senators, yesterday Senator Croll, on a question of privilege, raised a matter

that we all regarded as of great importance. Both Senator Flynn and I made comments on the seriousness of the fact that former employees of the Special Senate Committee on Poverty had published certain material that we regard as being the property of Parliament, and particularly in this instance of the Special Senate Committee on Poverty.

In the light of the discussions that we had last night, I asked the Parliamentary Counsel of the Senate if he would look into the premature publication of the committee's proceedings and evidence, and any associated matter, and advise as to the course he thought, under the law and under our practices, should be pursued. When this advice is obtained the matter can be considered further by us. I also propose to discuss this matter with the Leader of the Opposition (Hon. Mr. Flynn), since the issue concerns not only all honourable senators but Parliament, I think, as a whole.

Hon. Mr. Flynn: I merely say that I agree with the remarks made by the Leader of the Government. I think we should look into this matter and decide on the course that should be followed. It is very important that we do not let this—I will not call it an incident but a very serious happening—go by without doing what should properly be done.

CANADA DEVELOPMENT CORPORATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hayden, for the second reading of Bill C-219, to establish the Canada Development Corporation.

Hon. David Walker: Honourable senators, in the absence of Senator Hayden, may I have leave to speak to the house briefly?

The Hon. the Speaker: Honourable senators, is it so agreed?

Hon. Senators: Agreed.

Hon. Mr. Walker: Thank you very much. My remarks will be brief because this matter has been debated at great length in the other place and, with distinction, in this place. I should like to summarize my remarks by saying that the Canada Development Corporation bill is both immature and immaterial.

In the first place, my respectful suggestion is that this is not the time for this legislation. The timing is really off. The Honourable Mr. Gray, Minister of National Revenue, is in the midst of working out a very careful report as to why there is so much foreign takeover, why the outside interests are in so many cases controlling our resources. How we can go ahead with a bill like this when we have not that report, I do not know. We should have before us the Government's analysis of the reason we are losing control of the economy and the reason Canadians are not participating more fully in the development of that economy. We are bound to get some clues from that report, which I understand is being worked on very seriously. Therefore, my first submission is that this bill is premature. I hope that it will be shelved, at least until the fall when Parliament resumes.

The Canada Development Corporation is immature. We have no knowledge that it will aid our economy, we have no help from the Gray report, we have no yardstick on which to judge it. Were its object and the object of the bill to help Canada, then it could make a lot of sense, even if it had to be amended later on. In other words, when Canada's needs have been analyzed by the Gray report, the Government could bring together the need, on the one hand, and the money and the talent, on the other hand.

The Government could do great work, in that respect. We know that if any job is to be undertaken, if any development is to go ahead successfully, on our experience—perhaps we are going to learn something in the future, but we have not so far—we must leave it to private enterprise. It is the best system yet devised for building up not only any economy but most certainly the Canadian economy.

When we look back on the history of government interference in industry, we find that, with fairly few exceptions, where government goes into business the business is doomed to failure. In the Province of Saskatchewan, where I was last week, there is a clear example of the manner in which the Douglas government tried one business enterprise after another, and almost all of them were doomed to fail.

Hon. Mr. Connolly (Ottawa West): Who do you say is going to win the next election there?

Hon. Mr. Walker: I have a pretty good idea, and you know. One thing I can tell you, the Tories are not going to support the NDP. You will be glad to know that. Also, that is a surprise for my honourable friend from Kenora-Rainy River (Hon. Mr. Benidickson).

Hon. Mr. Benidickson: No; but twenty years ago that was not the attitude of the Tories.

Hon. Mr. Walker: If you want to make a speech, let us call it "fantasia", and you get up and make it. We will be glad to listen to you. Sometimes your speeches sound like that, without any effort. You do not mind my making that remark, do you?

Hon. Mr. Benidickson: I did not hear you.

Hon. Mr. Walker: That is the way I used to be when I was in the other place and you used to interrupt me. "I didn't hear it." That is a good way to be at times, is it not? Especially when rude remarks are made. But you never make rude remarks.

Honourable senators, we are talking about the failure of the Government in business. Polymer is one of the few exceptions, because it was a remarkable business that supplied a basic need for a world-wide market. It was organized by distinguished businessmen, men of great ability, and it is still run by distinguished businessmen. It is run almost as a private enterprise and it resents and

opposes any efforts at government interference. The day the Government interferes with Polymer, which is one of the few companies the Government has not interfered with, the success story of Polymer is bound to begin to wane.

Just think of the Government's failures in business with the consequent costs to Canada's economy—billions of dollars. Think of the Canadian National Railway which has been a 50-year headache as well as a pocket-ache so far as the Canadian taxpayers are concerned. Consider its incredible deficits each year. Now we see Air Canada following in the same path. At the beginning Air Canada was well set up, with very able businessmen in charge. These men had first-class knowledge of the airplane industry, and as a result Air Canada's was a great success story. But the day came when those top men, who had made Air Canada what it was, were superannuated. In their place we now have as top men, and I do not mind repeating myself, men who are incompetent to run an airline. That fact is rapidly showing itself. The decline has already set in. I predict that with Air Canada we will never again have anything but a deficit unless we do something radical by way of a change in top management.

Let me give you a further example: the Canadian Broadcasting Corporation. That is a government instrument which each year has a larger deficit than before. Its deficit is now approximately $100 million a year, and you can be sure that just as taxes are always with us, the Canadian Broadcasting Corporation's deficit will always be higher—year after year.

Then we come to the Canada Development Corporation whose aims are vague and uncertain. It could almost be said that CDC is a twin-headed monster, each head working against the other. On the one side the first aim is to develop Canadian industry. It is to take Canadian industry and build it up or it is to keep Canadian industry, which cannot be sold in Canada, from being sold to the Americans. On the other side, it has to make money for its shareholders.

How laudable! It is very laudable! It is very important that shares are going to be sold to the Canadian public! But sometimes such objects as building up a Canadian industry, or nursing or doctoring a Canadian industry and keeping it from being sold to the Americans, sometimes such objects are in so much direct conflict with profits that it is just like bittersweet—the one works against the other.

Take, for example, the case of Ryerson Press. The honourable senator from Regina (Hon. Mr. Argue) made a belated effort on behalf of Ryerson Press. But suppose that Ryerson Press had been able to be taken over by CDC. Could you argue that would aid Canada because it would save one of its few remaining textbook publishers, when in fact from a profit standpoint there would be no way in which the Canada Development Corporation could become involved without a consequent loss to the Canadian shareholder? In other words, the dilemma of this twin-headed monster would have made such a takeover impracticable if not impossible.

[Hon. Mr. Walker.]

So where does the responsibility of the directors lie? And bear in mind that there will be 18 of them if this bill becomes enacted. To me this whole CDC bill appears to be, like the budget, just another election gimmick. I am not so certain that it is not. So where does the responsibility lie? To what extent should the directors take lower profits in order to achieve Canadian participation? There would certainly be pressures from the shareholders to get a relatively fair dividend. But on the other hand there will be great pressure from the public to take on some of these sentimental, you might say, and well-meaning corporations who need help.

It is suggested that the first acquisition of the Canada Development Corporation will be the crown corporations themselves: Polymer, Eldorado, Northern Transportation and the 45 per cent government-owned shares in Panarctic Oils. But these crown corporations have already been capitalized by and are being operated on the taxpayers' money. In effect, every Canadian citizen is at the present time a part-owner of these enterprises. How, then, can the Canada Development Corporation presume to buy these crown corporations? Nevertheless, CDC proposes to repurchase these companies with the Canadian taxpayers' money. Why, I say? It is to enable the conglomerate, which the CDC will certainly become, to be sold back to individual Canadian citizens. In other words, instead of leaving the said crown corporations as they are at present, under the ownership of all Canadian citizens, these crown corporations will be bought back and then sold to a few Canadian citizens. Does that make any sense? How will that stop the onrush of American penetration into our industries and the takeover of Canadian business by American enterprise? Canadians already own these crown corporations so that in any event they cannot be bought by American enterprise.

Honourable senators, I could go through the entire bill in this fashion, pointing out its inherent self-contradictions, but why continue? As you can realize, and as I have said before, this bill is not only premature but is immature. It is not only vague but even in the parts that we can understand it shows itself to be impractical. Worst of all, its main objectives are bound to be in direct conflict, one with the other: to develop Canada's industry on the one hand and, to pay good dividends on the other.

On motion of Hon. Mr. McDonald, for Hon. Mr. Hayden, debate adjourned.

POST OFFICE ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Denis, P.C., seconded by the Honourable Senator Gélinas, for the second reading of Bill C-240, intituled: "An Act to amend the Post Office Act".—(Honourable Senator White, P.C.).

Hon. George S. White: Honourable senators, I had intended to speak on this order today, but before doing so I wished to review what honourable Senator Denis had

to say on this bill last night. You will recall that it was quite late last evening when he made his remarks, and that is the reason for my wishing to look at *Hansard*. Unfortunately, I did not obtain a copy of *Hansard* until just a few moments ago, so that I would prefer to go on tomorrow.

Hon. Mr. Flynn: In any event, royal assent is not required for this bill before next week, and we can be confident that the Senate will be able to discharge its duties in due course.

Order stands.

COMBINES INVESTIGATION ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act."—(Honourable Senator Benidickson, P.C.).

Hon. W. M. Benidickson: Honourable senators, I move the adjournment of this debate to September 7.

Hon. Mr. Flynn: If we come back!

The Hon. the Speaker: Is it agreed, honourable senators, that this order shall stand until September 7?

Hon. Senators: Agreed.

Order Stands.

PILOTAGE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Daniel A. Lang moved the second reading of Bill C-246, respecting pilotage.

He said: Honourable senators, I rise with some trepidation this afternoon to deal with the subject of pilotage, a subject with which I am not overly familiar, particularly when I see such experts among my colleagues as Senator Langlois on the one hand and Senator Paterson on the other. So, I hope you will forgive me if I deal with the subject this afternoon in the rather broad generalities that my layman's status imposes upon me.

I recall reading somewhere, perhaps during my education in law, that the oldest corporate organization known to the English common law was an organization called Trinity House. Trinity House is the organization that regulates and operates the pilotage services in the United Kingdom. From this we can assume that pilotage is one of the most ancient avocations known to man, and is perhaps almost as ancient as that profession to which I belong. I also suspect that pilotage shares with my own profession a certain entrenchment of rights and privileges and a certain assertion of these rights and privileges born of long and honourable precedent, and not perhaps entirely without a tinge of self-interest.

Coming specifically to Bill C-246 which is now before us, perhaps I may quote the minister when he stated in the other place that the objective of this bill was to provide the greatest possible degree of safety for ships which move through Canadian coastal waters. I must, of course, agree with that objective, but I would be less than frank with you if I did not admit that after reading the bill I find that perhaps that objective is somewhat overshadowed by other objectives and, in fact, becomes a secondary consideration.

I say that, honourable senators, because it is my opinion that this bill really deals primarily with two other objectives, those of that group of persons known as pilots, and those of that group of persons known as shipowners. In the former category, of course, I am referring to those people who guide and advise the masters of ships when they are sailing close-in waters and where the danger of collision or grounding may be more severe. In the latter case I am referring to those persons who use these pilots, either by choice or under compulsion, as ofttimes may be the case. I am referring to the mates of ships and the masters of ships and, through them, shipowners themselves.

In order to make the provisions of this bill somewhat more meaningful, perhaps at this stage it would be useful to refer briefly to the history of pilotage legislation in this country. Up to this point, pilots and their relationships with shipowners, and the relationships of both with government regulatory bodies, were covered by the Canada Shipping Act. Over the years, the Government has—and I suspect somewhat against its will—gradually become more and more involved in this relationship between the two other parties, and has gradually moved from the performance of a purely regulatory function to a role in which it finds itself performing as a governor, an employer, a conciliator and in practically every other category one can think of. And so today, honourable senators, to varying degrees, the Government not only licences pilots but provides boats, collects fees from the shipowners, pays the pilots, employs and dispatches them, and so on.

I think all honourable senators will agree that this is not a satisfactory situation from the point of view of the Government or from the point of view of the other parties involved, particularly in this area where such matters should be dealt with and settled by the private sector of the economy within itself. I am not suggesting for one moment that the Government must not fulfill an overall regulatory function. Under this bill, of course, it does fulfill such a function, not only in the public interest as far as shipping and the danger involved to shipping in coastal and close-in waters is concerned, but also in relation to the danger presented by shipping in so far as water pollution is concerned.

Honourable senators will recall that in 1961 there was a strike of pilots in the Gulf area. At that time it became evident that pilots were not satisfied with their lot in life, and that there were many problems that would have to

be dealt with by the Government. At that time or shortly thereafter a Royal Commission on Pilotage was set up to examine into the relationship of government and pilots, government and shipowners and pilots and shipowners. Many voluminous reports have been issued from time to time by this commission, which I am informed is still sitting; in fact, if my recollection is correct, this commission has now exceeded the record established by the B and B Commission.

Hon. Mr. Benidickson: In cost or in time?

Hon. Mr. Flynn: The sittings are over. They are drafting the final report.

Hon. Mr. Lang: There is one final report to come from this commission. Based on the preceding reports, the Government was able to prepare and bring forward Bill C-246.

The bill is based largely upon the recommendations of the commission and contains approximately 36 of the 38 major recommendations it made.

In order to bring the matter into perspective, I have several facts which may be of interest. Although knowing little about pilotage and its problems, I was somewhat surprised to learn that in the whole of Canada we are speaking of about only 514 persons, of whom 72 are pilots in the Atlantic area, 251 in the Laurentian area, 111 in the Montreal and Great Lakes area, and 80 on the west coast.

When we speak of shipowners who may be affected by the provisions of the bill, we are referring to shipping concerns throughout the world who trade with Canada. Specifically we are speaking of about 20 Canadian shipping concerns who operate in the neighbourhood of 300 ships.

In my humble opinion, the Canadian pilots are hardly fit subjects for an inquiry by Senator Croll's committee. I note that in 1970 the average annual wage for pilots in British Columbia was $26,000; in Quebec, $22,000; in the Halifax area, $20,000, and in the Sydney-Newfoundland area, $11,800.

Over the years the Government has gradually assumed greater responsibility until today it costs the Government approximately $2 million a year to carry out its role in these operations.

One way or another this type of expenditure is a subsidy to shipowners or pilots who, between themselves, should be able to look after their respective interests without drawing upon the public purse. Basically, this is one of the major long-term aims of this piece of legislation. Shipowners have their own federation dealing with these matters, and pilots have their own unions and associations. Both shipowners and pilots should be able to look after their interests with the minimum of government interference, particularly in tariff matters.

Turning now to the specifics of the bill: it replaces certain parts of the Canada Shipping Act which heretofore dealt with these problems, and it embodies by and large the recommendations of the Royal Commission. Specifically it establishes four new basic concepts in the regulation of Canadian pilotage.

There are today 29 regional pilotage authorities in Canada, each having different characteristics which to a large extent are historical. They vary, for example, from the authority for the Great Lakes area, which extends from the Welland Canal to the Lakehead, where in effect pilots are employees of the Government, to the Maritime area where pilotage authority is provided by entrepreneurial bodies contracting with local pilots and basically carrying out their own internal operation. In between these extremes we have mixtures of private enterprise and government control.

The bill reduces those 29 authorities to four regional authorities, each of which will take over the duties, responsibilities, liabilities and assets of the old organizations. Of those four regional authorities, one will be for the Atlantic area, one for the Laurentian or Gulf area, one for the Great Lakes area, and one for the Pacific coast.

The second major change in principle, policy and direction contained in the bill vests within those authorities autonomy over all pilotage matters within their geographical jurisdiction, subject basically only to review or confirmation by the federal Government, and, where applicable and necessary, to appeal. Each of those four bodies will be governed by a chairman and up to six members, who will be representative of both the shipping industry and the pilots. Each authority will have basically the powers of a crown corporation. It will have the power to own land and make investments, to own ships and boats, and to borrow money, and so on. It will have vested in it the paramount power of licensing pilots, of examining their qualifications for such licensing, and in the public interests limiting the number of pilots. In essence this provision breaks up the authority heretofore vested in the minister, and which the minister exercised in certain of the 26 areas such as the Great Lakes.

Hon. Mr. Isnor: That is the Minister of Transport.

Hon. Mr. Lang: Yes. His authority and responsibility will now be largely exercised by the regional body.

Thirdly, this bill vests within these respective authorities the right to determine compulsory pilotage areas. It imposes upon those authorities the responsibility to determine what these areas should be, and for changing them. It delineates the requirements to be imposed upon ships operating in them.

Fourthly, and finally, the bill replaces what I am advised has been referred to historically as the flag and trade privilege whereby certain ships or shipowners are permitted to operate without pilots in areas where they have adequate local knowledge of navigational conditions. This right to so operate, notwithstanding the local knowledge, is now taken away from the shipowners. In lieu thereof they are permitted to operate without a pilot if their master and/or mate has received a pilotage certificate from the local pilotage authority.

Honourable senators, I have had to deal with this bill in a broad and sweeping manner. I have not brought to your attention many of the details which are set forth in detail in the various clauses. I hope you will have an opportunity to examine these specific provisions and raise questions with the witnesses who will appear before the committee. I hope that from my rather hasty examination of what is a technical and complicated area I have been able to give you a broad outline of the main provisions and sweep of the bill, together with some of its historical significance and, indeed, sufficiently so to commend it to your favourable consideration for its progressive approach to this problem.

On motion of Hon. Mr. Flynn, debate adjourned.

CANADA LABOUR (STANDARDS) CODE

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. J. Harper Prowse moved the second reading of Bill C-228, to amend the Canada Labour (Standards) Code.

He said: Honourable senators, it is my privilege and pleasure to draw your attention at this time to the amendments that are currently before Parliament to the Canada Labour (Standards) Code, which was first passed in 1965. As a preamble I make the point that it is the responsibility of the Government to protect the unorganized workers in this country who, as you know, represent by far the greatest percentage of the work force. I refer to people who are not covered by collective agreements and who depend, therefore, on the federal and provincial governments to stipulate the minimum standards which govern their very existence in the work force.

Basically, minimum labour standards are designed to ensure that all workers enjoy specific conditions of employment which conform to socially acceptable norms. They are designed to establish a legal barrier below which these conditions cannot be driven. This barrier, represented by minimum standards, is being increasingly recognized as an important instrument of social policy. It is so recognized by the Government of Canada, and will be used accordingly.

In this regard it may be well to keep in mind that the newspapers carry stories these days of the very high hourly wages that have been negotiated on behalf of specific labour unions. From time to time publicity is given to the high averages that are achieved by certain professional organizations. There are also reports having to do with the benefits of welfare. Nevertheless, it is seldom that consideration is given to those who do not have the protection of organizations, and who are unable to bargain for themselves. Only too often they are unable to earn sufficient to encourage those on welfare to obtain employment. It seems to me, that while we have responsibilities in the welfare area to ensure that no one goes without, we also have a responsibility to encourage people to leave the welfare rolls and find work, by ensuring there are rewards that will provide them with something more than a mere subsistence. I would say that this is basically the purpose of this bill.

It will be recalled that when the Canada Labour (Standards) Code came into existence in 1965 it provided certain basic standards governing hours of work, overtime pay, vacations with pay, and general holidays. The minimum wage at that time was $1.25. The standard hours of work were eight per day and 40 per week, with a maximum of 48 per week. The minimum rate of overtime beyond standard hours was time and one-half, the minimum paid vacation was two weeks, and the minimum number of paid general holidays was eight per year.

Some amendments in the present bill relate to all the standards which I have just enumerated. They represent the experience gathered during the five or six years that the standards have been in force.

I am sure that many honourable senators are aware of the difficulties encountered in introducing the standards under the Canada Labour (Standards) Code in the field of transportation, namely, the problem of adapting the code to the railway industry, the trucking industry and some segments of the shipping industry. Among other things, these amendments should make it possible to deal more effectively with the type of difficulty that has made it necessary, in so far as the existing hours of work provisions are concerned, to issue special orders covering certain portions of the transportation industry, and to keep railroads under deferment. It is intended that the increased flexibility proposed in the amendments will make the bill more applicable and more functional in these areas, and also allow it to be used with good sense and in consultation with labour and management.

With the exception of the minimum wage there is no basic change in the standards now set forth in the code. The minimum wage was increased last July from $1.25 to $1.65 per hour. Prior to last July it had not been changed for five years. This measure would make it possible for the Governor in Council to increase the minimum wage, preferably every year, upon the recommendation of the Minister of Labour. In other words, there is authority in the new section 8a to change the minimum wage from year to year by order in council, in order to keep up with changing conditions. Honourable senators who are particularly interested in the economics of fiscal policy might like to examine this clause further.

The minister would provide for a continuing process of review, in which representatives of employers and trade unions would be consulted, so that the minimum wage can be revised and maintained at an economically relevant and socially desirable level. Assuming that this minimum is increased as proposed to $1.75 per hour, it is also intended to provide a similar increase to employees under 17, which would bring their minimum wage up to $1.50 per hour from $1.40.

The Government has made is clear that it recognizes the need to examine all aspects of law and policy that affect the rights of women in Canadian society. Consistent with this recognition, there are provisions in the bill relating to equal pay for equal work, and to maternity leave. The

existing provisions of the Female Employees Equal Pay Act of 1956 will be replaced by strengthened provisions in the Canada Labour (Standards) Code. The change of statutory locale is in itself important, because problems of inequity affecting women should, wherever possible, be dealt with not in special legislation for women but in general legislation applicable to all Canadians, both male and female. In this connection it will be noted that the language used in the proposed new equal pay part of the code prohibits pay differentials based on sex, whether directed against men or women. I presume that under this provision any man who becomes pregnant will be entitled to maternity leave as well.

The proposed new standard should be more effective for two reasons. To begin with, the prohibitive practice is very broadly defined, referring not to "identical or substantially identical work", but to "the same or similar work on jobs requiring the same or similar skill, effort and responsibility", and performed under the same or similar working conditions. I think that makes it a little clearer how to decide whether two jobs are the same.

Equally important, application of the law will no longer be dependent upon the receipt of complaints of individuals. The proposed new provisions will be subject to the general inspection and enforcement procedures of the code. This is a very important change, because under existing legislation the onus of responsibility for initiating a complaint or investigation rests with the person who feels aggrieved. Now that it is to be placed within the ambit of the Canada Labour (Standards) Code, the responsibility will be broadened. Not only will the department act on complaints by women in the work force, but the equal pay provisions will be subject to the same positive inspection program that is carried out in the enforcement of other standards in the code as a matter of public policy. This added responsibility placed on the shoulders of the Department of Labour and its inspectors should do much to eliminate discrimination.

I am sure Senator Manning will confirm my saying that this puts into this legislation something we in Alberta have had for 20 or 25 years. Inspectors of the Alberta Department of Labour have gone out and found where the standards were not being met, and have instituted the necessary procedures to see that the wrong was corrected.

Amendments relating to maternity leave would prohibit dismissal or lay-off solely because of pregnancy, and establish a right to maternity leave. An employee with at least one year of service would be entitled to maximum leave covering a period of 11 weeks before, and six weeks after, delivery, together with any period between the estimated and actual dates of delivery. As a lawyer, it seems to me there may be a fairly wide loophole there, because Mary Jane might decide to say she was expecting her baby in January when she really did not expect it until July, and the period in between might then be covered in the leave as well. However, by the time there are only 11 weeks to go, as Senator Sullivan will probably assure us, it will be a little hard for Mary Jane to pull one as broad as I have suggested.

It should be noted that the period of 11 weeks before and six weeks afterwards is consistent with the provisions in the bill to amend the Unemployment Insurance Act, under which an employee whose earnings are interrupted by pregnancy will, after a two-week waiting period, be entitled to benefits for a maximum period of 15 weeks. The provision is for 17 weeks in one and 15 weeks in the other, so they come out pretty well. The combined effect of these provisions will be that in most cases an employee who must take time off for the purpose of child-birth will be entitled to both job security and a reasonable level of income maintenance.

Further proposed amendments to the Canada Labour (Standards) Code concern the increasing problem of people who are leaving the work force, of the senior worker who is forced out of his job through automation. In this technological age this is one of the big problems faced by any worker—the problem of adjusting from one job to another, the shock of losing work, and in some cases the shock of finding that one's skill is redundant. In the bill there is provision, in the case of large scale terminations, for notice to the Government and to any trade union representing the workers affected, the required period of notice varying from 8 to 16 weeks depending on the size of the group terminated.

The required minimum period of notice would vary, according to the number of employees being terminated, as follows: 50-100 employees, 8 weeks; 101-300 employees, 12 weeks; over 300 employees, 16 weeks. Violation of these provisions could result in a fine of up to $100,000.

It is a little satisfying to find that we are finally putting into some of our legislation the kind of penalty that might cause the management team or the board of directors to not look upon it solely as a cost of doing business. It is to be hoped that these fines will not be required.

The second standard in this area would provide the individual whose employment is being terminated with entitlement to a minimum notice of two weeks or an equivalent amount of pay in lieu of notice.

The third standard that is new in the legislation is the feature of the legal right to a minimum amount of severance pay. It is considered that severance pay, grouped with the provision for advance notice of termination, is of substantial significance in this particular field.

Basically, an employee with five years or more of service whose employment is being terminated, except by way of dismissal for just cause or retirement on an immediate pension, would be entitled to two days' pay for each year of service, up to a maximum of 40 days' pay. Assuming a five-day week, this would mean a minimum severance payment ranging from two weeks' pay for an employee with five years of service to eight weeks' pay for an employee with 20 or more years of service.

I might make a personal suggestion here, and say that this will give some assistance to the person whose employment is being terminated. In case it is thought this may be a burden on the employer, I suggest that when he

has had the services of an employee for five years and then finds he no longer needs him, having to pay him two weeks' wages will impose no great, and certainly no unfair, burden. This money will carry the ex-employee over the period when he is looking for work. It must be remembered that these people normally have to spend all their income to meet their ordinary needs. At the end of 20 years, the right to two months' pay in lieu of anything else seems to me to put the minimum as low as possible.

A further amendment would prohibit dismissal of an employee solely because he was the subject of garnishment proceedings. When an employee is in financial difficulties he should not be subject to loss of employment and earnings simply because his employer must undertake the paperwork required to comply with a court order for garnishment of wages. Therefore, if approval is given to this bill, this practice would be brought to an end in industries within federal jurisdiction.

All of us who have had experience in dealing with people are aware that people who have got into financial difficulties find it almost impossible to find and keep employment, no matter what arrangements for repayment they make. Many employers feel that it is a matter almost of status to insist that if any one of their employees is subject to garnishment proceedings, he should be fired. This puts an end to such practices in industries under federal jurisdiction. It is hoped that the provinces will follow suit.

There are two other areas concerning the bill which I should also mention. One is that under its provisions the new standards relating to equal pay for equal work, maternity leave, group terminations of employment, and dismissal for granishment would apply to managerial and professional employees as well as to all other employees.

Honourable senators who have read the bill will also have noted that for most of the amendments the proposed effective date is July 1, 1971. Because of the possibility that related regulations will require a somewhat longer period in which to prepare and discuss them with interested parties—management, labour and other people—it is proposed that the provisions relating to notice of termination of employment and severance pay should come into effect on a date to be fixed by proclamation, which will be the earliest possible date after July 1.

I would also remind the house that the Canada Labour (Standards) Code does not apply to the public service as a matter of law. However, as the result of a commitment made to Parliament in 1965 by the then Minister of Labour, the standards established by the code are applied to the public service as a matter of Government policy. That commitment has been reiterated with respect to the standards embodied in the proposed amendments.

If honourable senators agree to give this bill second reading, I intend to move that it be referred to the Standing Senate Committee on Health, Welfare and Science, pursuant to Rule 67(k) (vi), for such consideration as may be felt desirable.

On motion of Hon. Mr. Macdonald, debate adjourned.

23351—75½

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Hazen Argue moved the second reading of Bill C-239, to amend the Prairie Grain Advance Payments Act.

He said: Honourable senators, this is the first of a batch of agricultural bills introduced in the House of Commons some time ago. The fact that this is the first one to come to the Senate would indicate that this bill is accepted. The opposition parties have made certain criticisms, as one would expect, but it passed the House of Commons unanimously and I am sure it will commend itself to the Senate.

Other agricultural bills have bogged down in the House of Commons. Bill C-176, on marketing, has been there for more than a year. Bill C-24, on stabilization, was introduced on April 29. It has not passed. Bill C-238, an act to amend the Canadian Wheat Board Act, was introduced on April 21 but still has not passed. My information is that those bills are not likely to be passed by the other place before the scheduled adjournment. Therefore, the fact that this bill was able to get through the Commons is an indication that it will have no difficulty getting through the Senate.

The cash advance legislation was placed before Parliament first in 1957. Because of certain marketing conditions that prevail even today, agricultural producers were unable to market their grain in the fall in the quantities they would normally wish. They were thus short of cash, and therefore Parliament decided that it would make provision for interest-free cash advances on the grain held in storage by the farmers and the grain that the Wheat Board would ordinarily be able to accept in a crop year.

Under this legislation there has since 1957 been loaned to agricultural producers on the Prairies some $950 million. The total interest charged to the federal Treasury from 1957 to 1968 amounted to just over $12 million. So, the interest cost to the federal Treasury is a rather nominal amount in relation to the huge benefits that have resulted from this legislation.

In an ordinary congested year, if one might call it that, the loans have been between $35 million and $40 million. In the worst year, in the year this legislation was used to the fullest extent, loans were made to the amount of $273 million. To date in the present year there has been advanced to the producers under this legislation something over $90 million. The collection rate has been phenomenally good, 99.9 per cent of the advances have been paid.

I suggest that this is one of the finest pieces of agricultural legislation on the statute books of Canada today, and the amendments we are considering are necessary to bring the act up to date and to make its provisions operative under rapidly-changing agricultural conditions.

One major amendment this legislation will effect is to change the value of the cash advances in relation to the grain involved and to relate those cash advances to the

amount of grain and to the kinds of grain that the Canadian Wheat Board believes it will be able to accept from producers in a given marketing year.

An amendment was made to this act in 1968, and when the act was before the Senate at that time I pointed out that, in my opinion, the new provisions were so generous and so unbusinesslike as to place farmers in an untenable position. It put them in a greater and greater debt situation without giving them the marketing opportunities to repay their obligations.

To be more specific, that legislation provided that a farmer could obtain a cash advance of $1 a bushel for wheat. He could obtain it against a six-bushel quota on all his cultivated acreage; that is, he could obtain a cash advance of $6 per acre.

I pointed out that in my judgment that cash advance was so high that under foreseeable quotas, and according to the methods by which deductions were made, farmers would be unable in the ordinary course of events to discharge their obligation. The $1 cash advance is repaid now at the rate of 50 per cent of the initial price for grain. The initial price for wheat is approximately $1.20 a bushel, depending on the grade. So, the repayment rate is 60 cents a bushel while the advance is $1 a bushel. Therefore, if he has taken the full advance, the farmer finds himself in an impossible position. He is unable to repay the cash advance. If he can get the cash advance the next year to a further maximum of $6 per acre, then he will just be getting that much further into debt.

The purpose of the amendments in this legislation is to place the act on a businesslike basis and to make some very important changes. One of the main changes is to provide that cash advances be made in direct relationship to anticipated deliveries of grain. The Wheat Board is now changing its marketing system from a specified acreage basis, which is just really all of the cultivated acres, to an allotted or assigned basis. Each year the farmer will assign a part of his cultivated acreage to a given kind of grain, and the marketing quota will be on that grain and the allocated acres rather than on the total specified acres.

This really means that if a farmer is given, shall we say, a cash advance on 3,000 bushels of wheat, the Wheat Board will expect to have delivery opportunities for this farmer in the amount of 3,000 bushels of wheat, and he will repay his cash advance at the same rate per bushel that he has received it. Therefore, at the end of the crop year, his cash advance will be fully paid.

A further amendment provides a penalty to those few producers who have clearly used the cash advance legislation as a means of getting interest-free money without intending at the same time to market their grain to the Canadian Wheat Board. The penalty will work in this way: if a farmer settles his advance in cash rather than in the delivery of grain, he will have to pay an interest rate to be fixed by the Governor in Council. In other words, if the farmer is going to use the Wheat Board cash advance system as an alternative to a bank loan, he will have to pay a normal interest rate if he does not deliver the grain. I think that is a reasonable provision under the circumstances.

The cash advance will be in an amount of 66⅔ per cent of the accepted value of the grain against which the cash advance has been taken. So, it will relate to the value of wheat, of barley, of oats, and to the Wheat Board's expected marketing quotas for this grain.

Up until this time a farmer who had wheat in the bin could get a larger cash advance than a farmer who was a barley or oat producer. Under these amendments the producers of other grains will be placed in a position of equality vis-à-vis the wheat producer, in that their cash advances will be related to a percentage of the value of the grain they are selling and to the deliveries that the Canadian Wheat Board expects to be able to accept.

There are other amendments which will come into effect by order in council when the cabinet feels that circumstances warrant these provisions being made operative. I refer to a provision for a cash advance to enable a farmer to dry damp or out-of-condition grain in the amount of some $600. Previous to this when an emergency situation prevailed and there was a great deal of grain which needed to be dried, the Government brought in emergency legislation to make such provision. This amendment will enable the Government to act in a situation where there are large quantities of damp grain without having to come to Parliament for a specific act, since it will be covered by this general act.

Another provision that can be made operative by order in council will provide a cash advance to farmers who have been unable to harvest their grain. In the past, perhaps one year in every 10 or one year in every 15, an emergency situation has prevailed in the fall as a result of which farmers have been unable to harvest their grain, and Parliament has passed legislation to provide cash advances for grain under the snow. Eventually a farmer who was short of money and who had unharvested grain was able to get a cash advance. This legislation will make provision for these cash advances against unharvested grain up to a maximum of 50 per cent of the normal cash advances but not higher. Honourable senators may feel that it is a heavy risk for the Wheat Board to provide cash advances for grain under the snow or grain remaining unharvested, but experience has shown that this is in fact a workable business proposition because in the spring the farmer will get out and harvest that grain the moment the first hour of threshing weather is available to him. Then he will repay the cash advance in the normal course of events.

Honourable senators, I am pleased to have been asked to move second reading of this bill. I must say, however, that I shall miss the valuable contributions that were made in former years by Senator Pearson and Senator Aseltine, who are now no longer with us and who were experts in this field. Senator McDonald is certainly well acquainted with this legislation. He is a practical farmer and he knows the advantages that this legislation has brought to the Canadian grain producer. Senator McNamara,

who was head of the Canadian Wheat Board for many years, had the distinction of seeing this legislation placed on the statute books and of providing the operating mechanism. I am sure he would have made a much better presentation than I have been able to make, but I am also confident that he will agree with me that this is the kind of legislation that has been developed through adverse circumstances. It has been developed out of experience. When it was initially talked about, most of the authorities said that it would be impracticable and would not work. But it has now been on the statute books for many years. The Canadian Wheat Board, under the chairmanship of Senator McNamara, and since, has been able to operate and make the provisions of this act effective, thus bringing great benefits to the producers of western Canada. Producers will be pleased when they learn that this act has been changed in a way to make it more effective, to keep it up to date and to make it possible for producers to repay in the crop year in which an advance is made the moneys that they have obtained.

Hon. Mr. Burchill: Honourable senators, before Senator Argue concludes his admirable speech, I wonder if he would indicate to us easterners what the general situation is in Saskatchewan with respect to the quantities of wheat which are held in the hands of farmers. I recall that last year the senator made an able speech in which he outlined the general conditions when the Government was inaugurating a new policy restricting the number of acres to be allotted to wheat. If he could tell us briefly the present situation compared to a year ago, I know that many of us would appreciate it very much.

Hon. Mr. Argue: Well, I do not know that the situation has changed all that much for the individual farmer. I certainly think he is happy that there is no lift program this year and that there is no arbitrary legislation to insist that he cut back on production. This year he is a free agent to seed whatever he wishes, having been advised by the minister, the Wheat Board and others, as to what his marketing opportunities are likely to be this fall.

As far as the carry-over of grain on farms is concerned, I do not have the figures at hand but I am sure Senator McNamara has them at his fingertips. I do know that there are still substantial quantities of grain on western farms. I think I said a year ago that the size of the carry-over was greatly exaggerated and that farmers would say that their problem over the years has not been so much an inability to market grain but rather a difficulty in producing it. I am pleased to report that the movement of grain out of local country elevators to the Lakehead and Vancouver, and the export market generally, is running at a very high rate. The grain is really moving. Wheat and barley are moving in large quantities. Of course, prices are not as good as we would like; in fact at the moment they are depressed. But the quantity of grain moving has greatly increased and I hope that we have "bottomed-out" and are now on the way up. I give credit to the Government and to the Canadian Wheat Board and to our trade officials for the very, very large quantities of grain we have been moving. If we keep on doing what we have I think that in the future farmers will be able to market almost all the grain they are able to produce.

Hon. Mr. Yuzyk: Honourable senators, although I am not a farmer, I lived and taught among them for ten years. As we on this side of the house presently lack farmer-senators, and as I was born and raised in Saskatchewan and lived most of my life in Manitoba, where I was in contact with farmers, I move the adjournment of the debate with the hope that I will make a worthwhile contribution.

On motion of Hon. Mr. Yuzyk, debate adjourned.

CLEAN AIR BILL

SECOND READING—DEBATE ADJOURNED

Hon. Muriel McQ. Fergusson moved the second reading of Bill C-224, relating to ambient air quality and to the control of air pollution.

She said: Honourable senators, Bill C-224 is designed to provide us with another weapon in the fight to preserve all forms of life in Canada and to enhance the quality of the life of man himself.

Much has been said on many occasions about our need to understand the interdependence of life forms on our planet, about the thin strip of the scant 10,000 feet above the earth's surface and approximately the same underneath the seas, that supports and contains 95 per cent of living organisms which scientists call the biosphere. Much has been said concerning man's sudden realization that the precarious natural balance of this thin strip must be preserved if we are to survive.

I say "man's sudden realization" because in our history we have until recently ignored the warnings of environmentalists and scientists regarding the consequences of our ecological blunders. In Canada we were perhaps more smug than most. The Rhine and the Potomac were polluted, but the Fraser and the Ottawa ran pure. Smog killed thousands in London, New York and Tokyo, but Winnipeg and Calgary gloried in sparkling air. Oil befouled the coasts of California and England, but the sea coasts of Prince Edward Island, Nova Scotia, New Brunswick and British Columbia retained their marvellous beauty and appeal.

Somehow we felt that we were different, that there were so few of us in so huge a country, and that we were learning from the mistakes of our neighbours. We felt that we had found the blend of progress and nature which meant the good life.

We then discovered that one of our Great Lakes was dying, our sea coasts were assaulted by oil spills, our fish were contaminated, and one by one our beaches across the country began to close. The magnificient City of Montreal was hidden for days last February by a dirty grey shroud, and the city's health authorities warned the elderly and chronically ill to stay indoors. Suddenly we

realized that Canada is just as vulnerable to ecological disaster as the rest of the world.

Thus began the long fight to come to terms with our environment. Anti-pollution groups of citizens rose in number and their activities increased; professional organizations, universities and industry began to mobilize their expertise, and governments at all levels began to develop comprehensive and integrated plans for dealing with the problems.

The direction of public demand has tended to establish priorities in dealing with pollution. Water pollution has generally received top priority, followed by air pollution, soil pollution and noise pollution. These general priorities are, of course, substantially altered in detail by local considerations and special interests, but generally the pattern seems to hold true.

The public "sees" water pollution effects. They see the scum, the dead fish, the closed beaches. The public can "see" quite clearly the sources of pollution, the industrial plants, the lack of municipal sewage treatment, and they recognize the requirements for corrective action.

Consequently most provinces have water authorities administering water legislation, and during the past year a number of significant pieces of legislation have been passed at federal level dealing with water and water pollution.

On the other hand, until recently air pollution has tended to be of generally less concern to the Canadian public, and the concern which has been expressed has generally been in regard to aesthetics.

Perhaps the majority of the public could not really "see" air pollution effects in the same dramatic way, nor could they so readily recognize the requirements for corrective action. Perhaps also the layman could not conceive of the entire atmosphere becoming polluted, and, furthermore, could not accept his personal role as a principal polluter through his use of the internal combustion engine.

However, the public now knows that not only is air pollution a major problem, similar in many respects to water and soil pollution in its effects on the environment, but it also has distinctive features which make control difficult and the need for control urgent.

First, air pollution strikes directly at the health of individuals. Man has no choice but to accept the air that he breathes, whether or not it is polluted. In contrast, polluted water can be avoided, diverted to other uses, or chemically purified to make it fit for drinking.

However, with air pollution, man is in the same position as the fish in a polluted lake, in that he cannot escape.

Secondly, the atmosphere provides an effective transportation system for air pollutants, which makes it difficult to segregate specific areas of the atmosphere that are already clean from those which require remedial action.

[Hon. Mrs. Fergusson.]

Thirdly, while it is possible to pinpoint stationary sources and, therefore, areas of potentially high density air pollution, day-to-day and seasonal meteorological variations, and the mobility of other sources, make it difficult to define specific areas of constant high density air pollution. Furthermore, as we know, the economic burden of air pollution is extremely high. The economic cost of air pollution in Canada, including health costs, house and building maintenance, corrosion, laundry and cleaning costs, has been estimated at about $1.5 billion annually.

The increased awareness of the public, whether it has resulted from local incidents or from observations of the struggles to overcome pollution in other advanced nations, has resulted in an overwhelming demand for action to protect the air as a common property of all Canadians. The protection of common property is a job for the Government.

In developing the proposed bill certain principles have been used. A direct responsibility of the provinces in air pollution matters is recognized and major emphasis must be placed on a co-operative program with provinces to control air pollution. It is believed that this is best accomplished by entering into formal agreements with the provinces for the purpose of designating air quality problem areas, for special control measures for these areas and provisions for enforcement procedures. There is also recognition of the need for direct federal action, in the event of the failure of other levels of government to take the necessary corrective measures to control air pollution where such pollution affects or is likely to affect health and life. National air quality objectives are also required to serve both as long-term goals and to prevent further deterioration of existing air quality.

The principles underlying this bill have been discussed with ministers and officials in every province and the response received has been positive. There is a full awareness of the necessity for a true co-operative program if the Government is to deal with this national and international problem.

This legislation comes to grips with the basic problems involved in trying to protect the quality of air.

The extent of the effects of air pollution throughout the country must be known quickly and accurately, and the bill recognizes the need to strengthen the National Air Pollution Surveillance Network, which is a joint federal-provincial venture.

More needs to be known about the causes and effects of air pollution. The bill will allow the Department of the Environment to work closely with the groups within Canada and in other countries that are involved in this vital area. Work valuable to the success of air pollution control is being done by the Department of National Health and Welfare—which laid much of the ground work for federal air pollution control—the Department of Agriculture, the Ministry of Transport, and the officials of the former Department of Fisheries and Forestry.

From these and other parts of the scientific community the gaps have begun to be closed in the scientific knowl-

edge about the effects of pollution on various receptors, such as man, vegetation, wildlife. As our technologically advanced society continues to inject enormous quantities of waste into the air, soil and water environment, we must be ever more alert to potential hazards. Further, the Government must ensure that "before the fact" research is conducted so that it is not continually faced with the need for emergency corrective action, with its resultant harsh effects on the community.

The Government needs to have a means of determining objectives, taking into account scientific, technical and social considerations, and a means of setting priorities while at the same time ensuring it does not create "pollution havens" or degrade the environment in those areas where current pollution levels are low. The bill allows the Government to set national air quality objectives, based upon the degree of contamination, in three ranges: "desirable", "acceptable" and "tolerable", which will enable it to focus its attention on critical areas while at the same time moving to bring air quality within the "desirable" range throughout the country.

The Government must have the means of determining, through close contact with industry and others, the best methods of measurement and control, and it must make such information readily available through publications, training programs, and demonstration projects. The bill will enable it to do these things.

The Government must have methods of ensuring that the health of citizens is protected when emergency situations arise from air pollution episodes or when particularly hazardous substances are found in the air. The bill will provide such emergency powers. It must also have the means for coping with certain trans-boundary problems, whether these be interprovincial or international in scope. The bill provides for this.

Air pollution is largely related to combustion processes and therefore the control over the composition of fuels, and particularly the additives to such fuels, must be of concern. In this respect, the bill provides regulatory power so that the Government may take preventive action.

Finally, although the Government believes that the public's concern, combined with industry's new awareness of its responsibilities, will lead to enthusiastic compliance with the provisions of this bill, the Department of the Environment must have methods of ensuring compliance. Thus there are inspection provisions and substantial fines for failure to comply.

If the bill stopped there I think we could say it was an excellent piece of legislation, but one essential element would be missing. It is not believed this Government, or any other government, has the right to impose pollution controls on industry and the ordinary citizen unless it is prepared to live by the same rules. The bill makes clear this Government's intention to have federal facilities become models in air pollution control.

I mentioned earlier the interdependence of life forms on this planet. In grappling with the problem of air pollution control we must recognize that there is also an interdependence in control activities. There is little sense in shutting off air pollution emissions from a factory stack, only to find that the pollutants are now being dumped into the river or ploughed into the soil. Within the new Department of the Environment a critical management problem will be to ensure that there is a balanced attack on all forms of pollution in keeping with the awareness of the balance of various forms of life.

In summary, it has been stated before that man's greed for material things was the root cause of many of our environmental problems. Psychologists tell us that man has a large number of requirements, ranging upward from those associated with basic survival, through security needs and social needs, culminating in the highest levels of aspiration. It is ironic that interest in air pollution control began at the top of the needs scale, with a concern for the aesthetic values because people could no longer enjoy the view from Mount Royal or Grouse Mountain. But now we are faced with a vital concern. That concern is survival.

The bill will provide the organization and the mechanisms that will enable the Government to wage the fight for survival. It deserves the active support of all parts of our society including their representatives in this chamber.

If this bill receives second reading, I propose to refer it to the Standing Senate Committee on Health, Welfare and Science for study.

Hon. Joseph A. Sullivan: Honourable senators, may I make a few introductory remarks and then adjourn the debate until tomorrow, in order that the reference of the Canada Development Corporation Bill to the Standing Senate Committee on Banking, Trade and Commerce, where I presume it will go, will not be delayed?

I congratulate the honourable sponsor of this bill (Hon. Mrs. Fergusson), but I assure her that I have not her faith in psychologists. Having said that, I shall deal with the main part of this legislation tomorrow. I think it is essential, when we are talking of pollution and the introduction of this legislation, to talk initially on the topic of moral pollution, which I mentioned some time ago.

Honourable senators, the social and political rage at the moment is ecological concern. This laudable preoccupation permeates all aspects of current life. Pollution is everywhere the villain—pollution of the air, pollution of the water, pollution in food; you name it and it is being righteously deplored.

Every revolutionary reformer or subverter of our system is pegging away at his particular crusade all the way from abortion and birth control to opposition to the western world's defence effort, and on to an ecological binge. We are obviously on an environmental "kick".

But far more deleterious and more noxious is moral pollution which, in addition to racking human bodies, is destroying souls. Drug and alcohol addiction, pornography and obscenity, sexual deviations, embryonic murders, crimes of passion and subversion exist in epidemic proportions.

While those concerned with ecology are succeeding in their crusade, with the help of all phases of government, the foes of moral pollution seem to be waging a losing battle. Pornography and obscenity have been officially sanctioned in one country by a presidential commission, abortion is being extensively legalized and laws against drugs and sexual aberrations moderated, while subversion spreads almost unmolested.

What those of us who are concerned with moral pollution must do first of all is identify the real corrosive nature of this blight. Then we must put it into the framework of the physical pollution that the successful crusaders can see and feel with their senses. Thus identified, the blight can be the object of the legislative and attitudinal reforms that are surging through the land. Above all, we have to make clear that moral pollution is wrecking human lives just as devastatingly as breathing impure air. We must also make the point that another content of the human personality, the soul, is being pushed to perdition by these forces.

We must understand the elements of this problem, and then let our parliamentarians, our provincial legislators, the mayors of our cities, our councilmen, and our school administrators, know how earnestly we feel about these insidious elements of our society. The word "environment" now evokes nightmares.

Honourable senators, I move the adjournment of the debate.

Motion agreed to.

CANADA DEVELOPMENT CORPORATION BILL

SECOND READING

The Senate resumed from earlier this day the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-219, to establish the Canada Development Corporation.

Hon. Salter A. Hayden: Honourable senators—

The Hon. the Speaker: Do I understand that the honourable Senator Hayden wishes by his speech to conclude the debate?

Hon. Mr. Hayden: Yes, Mr. Speaker.

The Hon. the Speaker: I must remind honourable senators that if the honourable Senator Hayden speaks now his speech will have the effect of closing the debate.

Hon. Mr. Hayden: Honourable senators, I do not propose to be very long in closing the debate, after which, as I think you already know, I propose to move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce. I also propose to follow closely the rule that is supposed to govern a reply, that you do not repeat anything and thereby bolster what you have already said.

First I wish to refer to several things said by two of my many good friends in the Senate, Senator O'Leary and Senator White. Senator O'Leary was so concerned that he commented that I did not appear to be at my best the other night when I was moving second reading.

[Hon. Mr. Sullivan.]

Hon. Mr. Martin: I was told you were never better.

Hon. Mr. Hayden: Senator White went a little further in his medical diagnosis and suggested that my effort was half-hearted. I had neither of those feelings. I thought I was rolling along pretty nicely. I thought I covered the ground fairly well, and I certainly never intended to give any indication of being half-hearted, and I never intended to give an indication that I was feeling less than completely in support of this bill.

I therefore went back to have a look at what I said. I appreciate the concern of these two honourable senators for my wellbeing, even though it was interpreted perhaps as a statement indirectly derogatory of the bill, suggesting that I had been whipped into some attitude of supporting it in some quasi fashion. Having looked at what I said, I could not find anything doubtful or half-hearted in it. Perhaps Senator O'Leary had the right interpretation when he said that I was not at my best, but I do not know that. This is a position a speaker cannot put himself in; he has to depend upon the interpretation of other people.

Hon. Mr. Flynn: There are better subjective attitudes for giving you a chance of being at your best anyway.

Hon. Mr. Choquette: Perhaps your heart was not in it.

Hon. Mr. Hayden: That is what Senator White said. No, he said I was half-hearted, so perhaps only half my heart was in it.

Let us see what I said and what the interpretation is. At page 1131 of *Hansard* I said this:

> May I say that I favour the bill, not because I can say it will inevitably be successful, but because it is a step in a direction that could very well be successful, dependent on proper management, direction, ability and know-how. The effect, if it is successful, would be to improve the economic growth of Canada which is certainly something we need. There is opportunity here to accomplish that.

Hon. Mr. Walker: You certainly hedged that one.

Hon. Mr. Hayden: I defy anybody to read those words and say there is anything half-hearted in them.

Hon. Mr. Flynn: It is very clear.

Hon. Mr. Hayden: Very clear.

Hon. Mr. Flynn: It is not a question of being half-hearted; it is very clear.

Hon. Mr. Hayden: Thank you. I am not asking you to say you will support the bill. That is up to you.

Let us move on to the next thing. In this regard I was a little concerned, because Senator O'Leary at all times impresses people when he speaks, and you accept what he says as being factual. Yet I thought in his remarks the other night he made a statement that was not correct, and Senator White also went along the same line. Let me refer

to the statements first. At page 1141 of *Hansard* Senator O'Leary said:

> So far as I can see, there is no provision in this bill for even an annual report.

Senator White said at page 1143:

> Senator O'Leary pointed out the lack of any provision in the bill for an annual report, as is submitted by certain crown corporations.

Then at the top of the second column on that page, he said:

> If this new corporation is going to be handed over hundreds of millions of dollars belonging to the taxpayers of Canada, why will there be no annual report or, in lieu of that why is there no provision for reporting to Parliament?

Let us see what the bill says. Clause 27 of the bill, on page 20, provides:

> (1) The following provisions of Part I of the Canada Corporations Act do not apply to the company—

And certain sections of the Canada Corporations Act are enumerated. But the sections which are not excluded, in relation to the application of Part I of the Canada Corporations Act to a public company of this kind, include all the sections ranging from section 115 to section 125, which deal with the method in which the bookkeeping and accounting shall be done, the requirement for annual statements, what the annual statements shall contain—there is a very meticulous list of enumerations—the position of the auditors, the furnishing of these financial statements to the shareholders of the company 14 days before the annual meeting, and the filing of a copy of the annual statement with the Minister of Consumer and Corporate Affairs. In addition, this company is subject to all the securities provisions in the Canada Corporations Act. If it is going to offer shares to the public in any provincial jurisdiction, it is subject to the security requirements in those provinces.

Therefore, I say that there is ample requirement in this bill for this corporation—which is subject to the Canada Corporations Act to the extent that you do not have exclusions and incorporations of other and particular proceedings in the act—to furnish an annual statement. There is a necessity for this. The annual statement goes to the shareholders. The shareholders in the first number of years will be the Government of Canada, so they will get the annual statement. The Minister of Consumer and Corporate Affairs will get the annual statement. Any member of the public can go to the department and examine the annual statement, and secure a copy of it by paying a fee.

When we come to lending by the Government we find in clause 37, on page 26, the following language:

> (1) Subject to subsection (2), the Minister of Finance may, with the approval of the Governor in Council, and upon such terms and conditions as the Governor in Council may prescribe, make loans to the company and may acquire and hold securities of the company as evidence thereof.

Then, subsection (2) puts a limit of $100 million on the amount.

Therefore, at the stage at which a decision is made, as to whether any advances are going to be made to this corporation, the advances have to be on terms that are acceptable to the corporation, of course, but are dictated or prescribed by the Governor in Council. Whatever the information required, it must be made available, and these are the terms and conditions that are laid down. So, I say that from an accounting point of view we have all these procedures for getting all the information, and it is reasonable that we should because in this bill this corporation is not an agent of Her Majesty and is not a crown corporation.

Hon. Mr. Flynn: Honourable senators, for a while it will be. Senator Hayden has agreed that for at least five to ten years the control will be in the hands of the Government. I think that was implicit in the objections of both Senators O'Leary and White when they said there would be no annual report to Parliament.

Hon. Mr. Hayden: I do not mind accepting explanations from Senator Flynn on behalf of Senator O'Leary and Senator White, although I would enjoy it more if they felt urged to do that. I have no objection to answering any question that may be asked, but I do object to having explanations interjected when I am dealing with points that were raised by previous speakers. If Senator Flynn feels he should do it then he may do so, and I will listen.

Hon. Mr. Flynn: I did not mean that. My honourable friend was explaining that there was no need for a report to Parliament because the corporation was not an agent of the Crown. I was just remarking that he indicated in his speech when introducing the bill that for at least ten years the control of the corporation would be in the hands of the Government.

Hon. Mr. Hayden: I understand perfectly what my friend says, but the fact that in the first years the only shareholders of this corporation may be the Government of Canada does not make it a crown company. Clause 31 of the bill specifically provides:

> The company is not an agent of Her Majesty or a Crown corporation within the meaning of the Financial Administration Act.

How do reports of crown corporations get to Parliament? When reports of crown companies are furnished to the Minister of Finance or the Treasury Board, the ministers are under an obligation to table them in Parliament. That is the procedure. What I say is that the Government of Canada, even as the sole shareholder of the corporation, has all the rights of a shareholder, and those rights are spelled out specifically not only in this bill but in Part I of the Canada Corporations Act. The

Governor in Council is in a position to require that all that information be furnished.

It may be suggested that there is something more that should be provided in the bill otherwise how can one know about all the requirements of the Canada Corporations Act. All I can say in that regard is that these particular sections in Part I of the Canada Corporations Act were very substantially amended in 1965. As a matter of fact, we even had a subcommittee of the Standing Senate Committee on Banking, Trade and Commerce, of which I think my friend was a very valued member, that dealt with and expanded in many ways this requirement as to accounting. In 1969 and 1970 we had further submissions in relation to these amendments in this regard. During all that period, Senator White and Senator O'Leary were members of the Senate, and therefore they knew that this legislation was before us.

I respect the opinions of all honourable senators, but a factually incorrect statement is something else. People who have not read the bill, knowing that Senator O'Leary has made a statement, will place great reliance on what he said. I must emphasize that every bit of necessary accounting information, that the Government at all times may know the financial position of this corporation, is required to be furnished, under the combined provisions of this bill and the provisions of the Canada Corporations Act.

Having said that, I will move on to something else. Senator O'Leary was twitting me in his speech about my reference to the Bank Act. On June 16, at page 1141 of *Hansard*, Senator O'Leary said:

> Last night my honourable friend said that he was presenting this bill as a charter for this corporation, and he likened it to the charters of the chartered banks.

From that position my friend, with all his forensic ability, jumped into the requirements of accounting that the banks must meet, even though banks are handling depositors' money which is not the money of the banks. Here the Government's money is shareholders' money. This is where it has chosen to invest it. But I said to myself, "Surely I could not have likened it to the charters of the chartered banks." I went back to look at what I had said. In the beginning I had said that this act was a charter for the corporation. At page 1130 of *Hansard* I am reported as follows:

> As I said at the beginning, this bill is the charter of the Canada Development Corporation in the same fashion as the Bank Act is the charter of each and every one of the chartered banks.

I said nothing about comparing the procedures and requirements under the respective acts. All I said was that it was a charter company incorporated by special act of the Parliament of Canada, that it was not a Letters Patent company. Therefore, if you want to find out what jurisdiction it has, what power it has, you find it in this bill.

I am sorry I missed Senator Walker's remarks this afternoon, but I did read a summary of those of Senator Grosart. I think Senator Grosart came part of the way, although I would not say he approved of this particular bill in the form in which it was. Nevertheless, he said it had its uses and that there was certainly a place in Canada for a development fund with $2 billion available. He did not think that $250 million was quite enough to make it sufficiently attractive for purposes of development, and so on.

As reported to me, Senator Walker did feel—and if I am saying it incorrectly I expect he will bring me to task—

Hon. Mr. Walker: Senator McDonald can given you the correct version.

Hon. Mr. Hayden: As I understand it, Senator Walker said the bill was untimely and that there were other things that should be done before getting down to a measure of this kind. I do not know whether Senator Walker would say that at no time should there be a bill of this kind, but I doubt that he would take that position.

In the course of my remarks I said that if a purpose of this bill as set out was to repatriate Canadian industry and Canadian enterprise, I would not be supporting it. However, I recognize that it is difficult to put such a prohibition in the bill, because there might be Canadian enterprises that for any number of reasons would be available for purchase and would present a very satisfactory base of operations for full Canadian ownership. This bill gives the corporation power to make substantial investments in shares, as well as to develop industry and resources in Canada, and it sets the limits of national interest and profitability as guidelines.

I believe both Senator Grosart and Senator O'Leary wondered just how you could harness those two features. The other night I suggested that harness them we must, because those are the guidelines. It is not an easy task, but somebody is going to have to make the determination as to what is the national interest, and I should think the shareholders of the company will be the ones who will do that, particularly in the first four or five years, when the Government of Canada, as we assume now, will be the shareholder. Therefore, it can impose its will in a regular corporate fashion, within the statutory provisions, on the directions that must be taken in order to vitalize this particular operation.

I did point out the other day a new element in this bill. It is that element which under the terms and conditions of the bill make the opportunity for investment in the corporation available to the general public. Whether the public will invest is a matter on which I cannot speculate. Who can speculate as to what the public will invest in? I know that the public invested, and indeed very sophisticated buyers invested, in the Atlantic Acceptance Corporation, and lost millions and millions of dollars!

Hon. Mr. Walker: You are drawing quite an analogy between the Atlantic Acceptance Corporation and the possible fate of the CDC.

Hon. Mr. Hayden: I do not think I follow the trend of thinking of my honourable friend. All I was saying was that the suggestion is made by Senator White and another senator that there was very little point in setting up this type of operation and making it possible for the public to come in because there are so many other areas of investment available to them that they will not invest in this. I cannot venture to say what it is that actuates or stirs a person to invest money in any particular enterprise, and here I am trying to be as objective as possible.

I can cite a number of instances where investments have been made—and looking back, since hindsight in the case of investment is even better than foresight—which were influenced by the thought of quick profit or the glamour of a particular stock at the time. These are all factors that I would not dismiss simply because some senators and some members of the public take the view that this is the kind of investment that would not be attractive to the public. All I am saying, and I am trying to be as objective as possible, is that I just do not know.

There is this feature of giving an opportunity to the public to invest, but whether it has the glamour to attract that investment, I do not know. All I can say from my limited understanding of what actuates the public to invest in a particular corporation is that I just do not know what they might do. Investments frequently go in directions that one cannot foresee, and, of course, sometimes they work all right.

This bill is a step forward in bringing the public and the Government together in a corporation called the Canada Development Corporation, in the national interest and for profitability. It is an opportunity to develop and increase our economic growth. Heretofore this has been done on a regional basis by the Government going into an area, and Senator Macdonald seemed to be very satisfied—perhaps "satisfied" is the wrong word; perhaps I should say "interested"—when I mentioned the Cape Breton Development Corporation. The Government established a corporation for regional development in that Maritime area. The Government advanced capital, or guaranteed such advances by others. In doing it in this fashion the Government had its whole hand in the development, and no public investment interest was brought into the company.

I know at least one enterprise in the Maritimes where this is working out very well. I am sure that my friend could name it equally well, but if he has any doubts about it I will tell him privately what it is.

This is a step forward. The public and their money will come in. There is no compulsion, but there is a pull from a capitalization of $2 billion. It may well be, if the public is not drawn in, that the Government will see fit in the national interest to put in more of its own money.

These are all speculations for the future. Since they are aimed intentionally and deliberately in the direction of greater economic growth in Canada, may I say forcibly and with all the strength of my voice—

Hon. Mr. Haig: And your whole heart.

Hon. Mr. Hayden: —and my heart.

Hon. Mr. Walker: God save the Queen!

Hon. Mr. Hayden: I feel that I am at my best at this moment when I say that this is a worthwhile enterprise.

The Hon. the Speaker: It is moved by honourable Senator Hayden, seconded by honourable Senator Fournier (De Lanaudière), that this bill be read the second time.

Hon. Mr. Flynn: I rise on a point of order. According to my information, Senator White wished to vote against the bill. I would simply ask that this motion for second reading be agreed to on division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

APPROPRIATION BILL NO. 3, 1971

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Langlois for the second reading of Bill C-249, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1972.

Hon. Allister Grosart: Honourable senators, once again we have to thank the honourable Senator Langlois for giving us a clear statement of the substance of an appropriation bill, in this case Appropriation Bill No. 3, and for relating it in very general terms to the official Estimates of the budgetary and other expenditures for the current year.

I appreciate the fact that Senator Langlois followed the traditional method of presenting this information, and I am in no way critical of him on that score. However, I will suggest to him, and particularly to those in the Department of Finance and the Treasury Board who have responsibility for these matters, that they devise some technique by which they will give us a much clearer indication of the relation between the amounts that we are asked to vote in these appropriation bills and the total figure of government expenditures.

I say that because the bill before us, in round figures, asks for approval for the spending of some $6 billion for the remaining three-quarters of the year. We have already voted $2 billion in Appropriation Bill No. 2. That is a total of $8 billion which we are asked to vote in supply.

Senator Langlois did contrast this with the total budgetary estimates of expenditures, of some $14.3 billion, with an additional $1 billion in loans, investments and advances. That makes a total of what is known officially

as budgetary expenditures for the year of some $15.3 billion. I emphasize the fact that the supply bills in total only cover approximately half of that, something in the neighbourhood of $8 billion. In addition to that there are many other items of government expenditures which are not included even in the $15 billion amount mentioned by Senator Langlois. My suggestion is that when Parliament is asked to vote supply, particularly final supply for the whole year as we are on this occasion, we be given a statement of the total government expenditures of which this, of course, is only that part which has to be voted in supply. There is a definite relationship between the two. There has to be a relationship between the supply element in the total budget and the total amount that Canadians are asked to find in one way or another.

Some of the items that are not included even in the $15 billion are loans, for example, to Central Housing and Mortgage Corporation. Some may say well, those are recoverable, they are not really expenditures. However, they are exactly the same kind of expenditures as are included in loans, investments and advances, the $1 billion item in what Senator Langlois quite properly referred to as budgetary expenditures. I see no reason why if there are loans, investments and advances in one area that are included, these others should not be included in the total figures which come before us.

The same applies to much larger expenditures, the total expenditure on old age security and the total expenditure on unemployment insurance. Again it may be said that the revenues to meet these expenditures are raised in a very special way. However, that applies, of course, to hundred of items in the budget. They are not all raised in the same manner and there is no fundamental difference between these expenditures on old age security and unemploymemt insurance and all the other expenditures. They have this in common, that claims are made on the public, on the average citizen, to provide the revenue. The revenue, once obtained by the Government, is redistributed to the public in various ways in goods and services.

I am merely saying that it would be useful if those who have the responsibility were to take the trouble to put all these figures together in one table so that we are not presented again with the suggestion that if we vote this $6 billion and add it to the $2 billion we have already voted, that is the whole responsibility of Parliament to examine the spending of the Government. The spending of the Government is much greater than that. I suggest that the total figure should be before us so that we can relate this discretionary part to what we are sometimes told is the non-discretionary part. Although the officials use that description, I object to it. They are referring generally to statutory items, and of course statutes can be changed, particularly when it is obvious from the evidence we have had even in our own committee that there are on-going items under the statutory authority that should be terminated. In the type of presentation we have had—and the same applies in the other place—there is no real opportunity given to members of Parliament to examine the whole picture.

[Hon. Mr. Grosart.]

As Senator Langlois quite properly pointed out, the main Estimates did go to our Standing Senate Committee on National Finance. They were examined at some length, but cursorily, and an excellent report was made to the Senate by the chairman of that committee, Senator Everett. However, I have the feeling that that committee is moving in the direction of a much more thorough overall examination of these Estimates than we have given them in the past. I have sat in that committee under Senator Leonard and his very able successor, Senator Everett, and I see this trend. It may be said that this is not really the business of the Senate, and applying the traditional relationship of supply to the responsibilities of the other place that is so. But there is a place somewhere in our system for a thorough overall examination, and over-view, of government spending before the money is spent.

It is true, of course, that there is in the other place the Public Accounts Committee, but I think it is fair to say that nowhere in our system today is there a procedure by which the statements of the Government about its planned expenditures for the year are related item by item to public accounts or to the actual spending.

This point was illustrated quite dramatically in our Standing Senate Committee on National Finance when we took one item as an example, the expenditures under the Department of Regional Economic Expansion. We asked whether this item could be broken down in this tremendously large budget, and whether we could be told on what projects this money will be spent. I am paraphrasing, but I think I am not being unfair when I say the answer, which was frank and honest, was that the regional expansion program is subject to change, it is an on-going thing, nobody knows at any particular time what demand may be made and what response may be made to it.

I suggest it is an essential principle of auditing that there be a formal procedure for the relating at all times of government spending intentions to actual expenditures. It may well be that that will prove to be a function our own committee may be able to undertake. I am speaking personally, and I have not even discussed this with the chairman of the committee, but I see signs that we are moving in the direction of filling a vacuum that has existed for a long time. The most hopeful sign I have seen in the few years I have had some responsibility in examining this question from time to time has been the publication of a pamphlet by the Treasury Board called "How your tax dollar is spent". I believe it has been distributed to all senators. I want to commend the Treasury Board for this publication. In many ways it contains a good deal of information that should be put before us whenever we have one of these bills. As an example, honourable senators may be interested in the expenditure breakdown of each dollar of the $14.3 billion, the figure mentioned by Senator Langlois as the budgetary expenditures, not including loans, investments and advances.

Very quickly perhaps I can put it on the record. Of every dollar, Health and Welfare takes 25 cents, Economic Development and Support 14 cents, Public Dept. 14

cents, Defence 13 cents, Fiscal Transfer Payments to the Provinces 9 cents, Transport and Communications 7 cents, Internal Overhead Expenses 6 cents, General Government Services 4 cents, Education Assistance 4 cents, Culture and Recreation 2 cents, Foreign Affairs 2 cents.

The kind of examination that can follow from these figures is indicated by something that will interest Senator Beaubien particularly. I take the two cents devoted to culture and recreation, which in terms of total budget amount to $298 million; that is, translating the cent into the $14.3 billion figure.

Of the $298 million, no less than $181 million is the cost of the Canadian Broadcasting Corporation. I mention that because here is a kind of examination that surely can be given to these estimates, when we are asked to approve the spending of them. Does it really make sense that, of our total investment in culture and recreation in Canada taking this whole large field, out of $298 million, $181 million should go into one particular item, the CBC?

Is this really the kind of balance in our concept of the requirements of culture and recreation in Canada, that something like two-thirds of the total should be supplied by the national broadcasting service? I am not saying the system is not a good one, but I doubt very much that this was ever a policy decision. I think that, like Topsy, it "just growed". I suggest this is the kind of thing that we need to examine very carefully.

Hon. Mr. Martin: That growth has been applauded from time to time by Senator Beaubien.

Hon. Mr. Grosart: I did not catch what the leader said.

Hon. Mr. Martin: I was just facetiously remarking that Senator Beaubien has always applauded that growth.

Hon. Mr. Flynn: I think he would like to sell it, but I do not know what he would get for it.

Hon. Mr. Grosart: I think that from time to time he has recorded that growth, but I myself have not heard him applaud it. I doubt if he has. As the Leader of the Government said, his remark was facetious.

Honourable senators, I have used that illustration to suggest there is an area of overall examination of the decisions that go into this macro that we call budgetary expenditures and also of the items that are not included and which we should have before us. I know Senator Langlois is very interested in this aspect of the presentation of the supply bill, and I am quite sure that we may on the next occasion have a reply from him, unless he wishes to reply now. Having said that, may I say that our committee looked at these Estimates and found an increase of about half a billion dollars. We examined the major increases item by item, and whereas the report of the chairman indicates we were not entirely satisfied, I see nothing to be gained at this moment by opposing the passage of this appropriation bill, although on some future date I might be inclined to do so if there is not the kind of improvement in presentation that I suggest.

Hon. Mr. Benidickson: Honourable senators, before Senator Langlois concludes the debate, there is one point I should like clarified. I realize the figures repeated by Senator Grosart were accurate in themselves, but it was suggested that this supply bill would take us to the end of the year. I wondered if that meant the end of the calendar year or the end of the fiscal year, the one being December 31 and the other being March 31.

Hon. Leopold Langlois: Honourable senators,—

The Hon. the Acting Speaker: Honourable senators, you realize that if Senator Langlois speaks now his speech will have the effect of closing the debate.

Hon. Mr. Langlois: Honourable senators, I wish briefly to comment on the remarks made by my honourable friend Senator Grosart. I stated last night that this bill had been examined by the Standing Senate Committee on National Finance and that every opportunity had been given to the members of that committee to question the officials of the Treasury Board who were present. I must add now that most of the questioning was done by my honourable friend at that time. I agree with some of the suggestions he has made, but I would say that most of his suggestions, although worth considering, are not practicable at this stage of the consideration of the supply bill. For example, I do not see how we could on the examination of a supply bill go into the operations of the Old Age Security Fund or the Unemployment Insurance Fund, because there is nothing provided in this bill for those funds. It would be irrelevant were we to discuss those funds on the basis that he has suggested.

On the other hand, and I stand to be corrected here, when the honourable senator referred to the discussion before the National Finance Committee of the sums of money spent on regional economic expansion, I think the discussion at that stage was centered on the budgeting for such a program. I recall it was Senator Manning who closed that discussion by saying that in budgeting for such a program one had to go by Estimates and by past experience, and that it was very difficult to arrive at very precise figures. I thought that my honourable friend Senator Grosart and other members of the committee had agreed with the intent of Senator Manning's remarks at that stage.

There is also to be considered in the expenditures on such programs as economic expansion, the many ingredients which one has to take into account in arriving at a reasonable estimation of what the total expenditure is going to be in the final analysis. One has to bear in mind that these grants are given on the basis of the number of jobs a particular project will provide, and therefore the amount to be allotted to any program cannot be ascertained until such time as the minister in charge of that program knows how many jobs this particular project will provide. The amount of the grant being dependent on the number of jobs to be provided, it is almost impossible to evaluate the total expenditure beforehand.

There are also many other ingredients in such programs which are impossible to forecast with any accura-

cy months ahead of time. I think the explanation given to the committee by the officials of the Treasury Board were quite sufficient and enlightening. I think the committee was provided with all the information it could hope to obtain from these officials.

I agree with Senator Grosart's suggestion that adequate information should be provided on the presentation of such bills as this one, and I always endeavour to give as much information as possible without becoming repetitious, having in the back of my mind that all the information pertinent to such a bill can be provided during the examination of the officials before the committee. Therefore, unless one becomes repetitious, it is difficult to add to the discussion which takes place in committee.

In regard to the question put by Senator Benidickson, there is no doubt that this is the balance of the Estimates for the present fiscal year and not for the calendar year.

Hon. Mr. Flynn: On this point may I recall to Senator Langlois that I made the suggestion, to avoid confusion, that the appropriation bill should be designated for the fiscal year rather than the calendar year. This is really Appropriation Bill No. 2 for fiscal year 1971-72.

Hon. Mr. Langlois: If my honourable friend would only read the title of the bill: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1972."

Hon. Mr. Flynn: But it says, "this Act may be cited as the Appropriation Act No. 3, 1971", instead of being cited as Appropriation Bill No. 2 for the fiscal year 1971-72.

Hon. Mr. Langlois: I explained that last night. I mentioned that there was a previous bill known as Appropriation Act No. 1, 1971, that it dealt with the 1970-71 Supplementary Estimates (C). I think I said that in my introduction to the measure last night.

Hon. Mr. Flynn: This practice leads to confusion.

Hon. Mr. Langlois: We could probably change the numbering of these bills in future. I see no objection to that suggestion.

Hon. Mr. Grosart: In case my remarks concerning the hearing of the committee have been misinterpreted, or if I did not make myself clear, I want to say that I intended no criticism of the officials who appeared before the committee. I said that their evidence was frank, and I used also another adjective. I do not want to give the impression that I was in any way dissatisfied with their appearance before us. Quite the contrary.

Hon. Mr. Langlois: I am sorry if I gave the honourable senator that impression, which was far from my mind.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Acting Speaker: When shall this bill be read the third time?

[Hon. Mr. Langlois.]

Hon. Mr. Langlois: With leave, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Leave having been given to revert to Motions:

Hon. A. Hamilton McDonald: I move, with leave of the Senate and notwithstanding Rule 45(1) (g), that when the Senate adjourns today it do stand adjourned until tomorrow at 11 o'clock in the forenoon.

Honourable senators, perhaps a word of explanation is needed. Many senators feel that perhaps we should not sit on Saint-Jean-Baptiste Day, June 24, either in committee or in the house. It seems that if we are able to accomplish tomorrow the work that we have laid out, it will not be necessary for us to sit in committee or in the house on Thursday or Friday.

The Standing Senate Committee on Banking, Trade and Commerce will meet tomorrow morning at 9.30. It will be dealing with Bill S-9 to amend the Copyright Act, and Bill C-219, to establish the Canada Development Corporation. If the house sits at 11 o'clock, as the motion proposes, we would like to have the third readings of two bills, followed by a speech by Senator Flynn on the Pilotage Bill, and a speech by Senator Sullivan on the Clean Air Bill. We would also like to hear Senator White on the Post Office Act and Senator Macdonald on the Canada Labour (Standards) Code.

If we are able to complete this work in the chamber at an early enough hour to enable us to continue with committee meetings during the balance of the day, it will be possible for us to have royal assent tomorrow evening at 6 o'clock. In that event, it may not be necessary for committees to sit on Thursday or for the house to sit on Friday. However, in all probability we would return next Monday afternoon rather than Monday evening. It would appear that we can meet this program provided our committees sit on time tomorrow. I am sure honourable senators are aware that two committees had to wait more than half an hour for a quorum today. With co-operation I am sure that we can complete the work I have outlined.

Hon. Mr. Flynn: As I understand it, the only legislation that would require royal assent tomorrow would be the Unemployment Insurance Bill, because June 27 has been mentioned as the date for the commencement of certain benefits. The other bills could be referred to committees; we need only to make progress on that bill tomorrow.

Hon. Mr. McDonald: It is my understanding that the Unemployment Insurance Bill is the only one we must give royal assent to tomorrow. However, we would like to make as much progress as possible on the other legislation in view of the fact that we hope to adjourn on Wednesday, June 30.

Motion agreed to.

HON. GORDON B. ISNOR

FELICITATIONS ON HONORARY LIFE MEMBERSHIP IN THE HALIFAX BOARD OF TRADE

Hon. Paul Martin: Honourable senators, when speaking of Senator Kinley last night I wish I had recalled that Senator Isnor, who also paid tribute to Senator Kinley, himself no mean senator, has been selected by the Halifax Board of Trade as the first recipient of honorary life membership in that organization. I do not believe that any better choice could have been made by Haligonians. That choice gives us all much pleasure.

On that happy note I move the adjournment of the Senate.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Wednesday, June 23, 1971

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Textile and Clothing Board, dated January 28, 1971, on an inquiry respecting Cotton and Polyester/Cotton Yarns undertaken at the request of the Minister of Industry, Trade and Commerce, together with copies of a news release thereon.

Report on the administration of the Canadian Forces Superannuation Account for the fiscal year ended March 31, 1971, pursuant to section 26 of the Canadian Forces Superannuation Act, chapter 21, Statutes of Canada, 1959.

Statement by the Department of National Defence of Moneys received and disbursed in the Special Account (Replacement of Materiel), for the fiscal year ended March 31, 1971, pursuant to section 11(4) of the National Defence Act, chapter 184, R.S.C., 1952.

Report on the administration of the Regular Forces Death Benefit Account for the fiscal year ended March 31, 1971, pursuant to section 54 of the Statute Law (Superannuation) Amendment Act, 1966, chapter 44, Statutes of Canada, 1966-67.

Report of Defence Construction (1951) Limited, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Hon. A. Hamilton McDonald, with leave of the Senate, moved:

That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting today, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

CONSTITUTION OF CANADA

STATUS OF CHARTER 1971—QUESTION

Hon. Orville H. Phillips: Honourable senators, I should like to ask the Leader of the Government what is the present status of the so-called Charter '71 now that the Province of Quebec has rejected it? Moreover what procedure will be followed in patriating the Constitution in the future?

Hon. Paul Martin: Honourable senators, perhaps later in the day I will be in a position to say something on this matter. At the moment I would prefer to wait.

HON. WILLIAM C. McNAMARA

MEMBER OF TRADE DELEGATION TO CHINA

Hon. Paul Martin: I am sure most honourable senators are aware that one of our number, Senator McNamara, former Chairman of the Canadian Wheat Board, who has had long and almost continuous contact with the Republic of China, will be leaving tomorrow as a member of a trade delegation to the Republic of China. That delegation is headed by my colleague the Minister of Industry, Trade and Commerce. I have felt that there were many extra functions the members of this house could perform because of particular experiences. This is a good example of some of the additional work that a senator may perform. In this case it will be a performance based on valuable experience that Senator McNamara has had. We are pleased to see him a member of this delegation and we wish him and the delegation much success in their endeavours.

UNEMPLOYMENT INSURANCE BILL, 1971

THIRD READING

Hon. A. Hamilton McDonald moved the third reading of Bill C-229, respecting unemployment insurance in Canada.

Hon. Frank C. Welch: Honourable senators, I should like to speak for a few moments on Bill C-229 before it is passed. I believe unemployment insurance came into effect about 30 years ago, about 1941. At that time an employee earning over $2,000 a year was not eligible to receive benefits. Under Bill C-229 the ceiling for employees to draw benefits for unemployment is unlimited. This change will cost large firms hiring professional people a great deal of money and will cause them to charge more and more for manufacturing goods, with the result that prices will increase. It is one more crack at the economy.

The press has stated that unemployment insurance is going up to $100 a week. This sounds good to the labouring man, but this is only true of those who are earning $7,800 or more per year. In fact what will happen is that unemployed persons will really draw about two-thirds of their weekly income up to a limit of $100 per week. This insurance benefit will be taxable, so it follows that the employees are being fooled again.

Under Bill C-229 a new class of employee becomes insurable, such as teachers, army personnel, firemen, policemen, federal civil servants. The self-employed still have no protection. About 70 per cent of teachers are women. Bill C-229 contains a clause covering maternity. Women will be able to teach for a time and have their families while on the government payroll. After two weeks the mother will become eligible for benefits for 15 weeks.

It is quite obvious that the Government is beginning to rationalize what has become a serious condition of unemployment, by accepting the reality of unemployment and proposing to deal with the situation as if it were a natural one, by setting up permanent substitute measures, unemployment insurance, welfare, manpower training and pension plans.

On May 16 last the Prime Minister had this to say:

> Who caused unemployment? No government, certainly not my own, and I don't know of any government in the world which would be satisfied with high unemployment, and I know of no government wanting deliberately to create unemployment. I mean, I can't even conceive that serious people across the land are making that accusation: that a government would deliberately go out to create unemployment. You know, people are such villains that it is inconceivable that they would be allowed to exist.

These are rather strong words. The Government's effort is a kind of blind searching after a formula by which a universal guaranteed annual income can be achieved. Perhaps it is true, depending on the attitude of local welfare officers and officials, that a guaranteed annual income is already in effect for those who know how to fight and connive for it, because no one can deny that discrimination is rife under the present system. Bill C-229 is a good example of this. Large segments of the Canadian population are discriminated against—all those who do not work for employers, all self-employed farmers and salesmen, independent loggers, housewives. A father cannot put his son under unemployment insurance benefit, but the father can have an unemployed son. Surely if the Government is prepared to take care of every person from the cradle to the grave, as in fact it is under many policies, contradictory, overlapping, wasteful, expensive to administer, would it not have been better had the Minister of Labour brought in, instead of Bill C-229, a modern, comprehensive proposal to institute a guaranteed annual income policy, a proposal to supersede the various welfare programs, including those surreptitiously administered by Manpower, unemployment programs and many pension programs? These could all be replaced by a guaranteed annual income program, which would decimate the ranks of the public service, and thus generate a good proportion of the income necessary to implement it. This annual income would, of course, be a substitution for, not in addition to, the various on-going programs. Nobody knows what effect such a program would have upon productivity, but productivity already suffers through current programs.

A more pertinent question would be: can this country afford to place ever-increasing emphasis on social programs designed to improve the effect of unemployment rather than coping with the evils of unemployment itself? There is a direct connection here. The present course of government is to syphon off by taxation the funds to finance these social measures instead of permitting such funds to remain in the hands of the enterprisers and risk capital which could generate employment.

The big question is: where will the Government policies lead us? Will not current policies result in more and more unemployment? The 11 per cent sales tax may have to go to 22 per cent. Income tax may have to go up again to satisfy the bottomless pit of government spending.

In a recent debate on this matter in the other place the member for Waterloo had a very definite comment on this point. He said:

> I am very suspicious of governments which hand out welfare and try to cover up welfare with economic policies that are mad.

The economic policies of this Government have gone mad.

There is no substitute for full employment. This is where our emphasis should be. There should be jobs for those who are able to work. Of course, there should! The prime function of government is to provide and maintain a climate in which employment can function, not to promote alternatives and palliatives. The Government should be dealing with the root cause of unemployment rather than spending much of its time and energy, and the time of hordes of public servants, combatting the effects of unemployment rather than its causes.

Surely some of these root causes are not too difficult to identify. Excessive taxation is one. The salaries paid to the commissioners for not producing the report of the B & B Commission, the money and time spent on the Special Senate Committee on Mass Media and on the Special Senate Committee on Poverty, and refitting the *Bonaventure*—these are examples of some of the expenses that cause high taxation which helps to keep Canada out of the world markets we should have.

Rather than pay men and women to walk the streets and travel the country living in hostels, perhaps what the Prime Minister said could be right:

> We could make sure that the unemployed in Canada is much lower if you were to allow us to send you, or your young children to work where there is work in Canada. And there is indeed a lot of work in Canada which is going without being filled. Several members of Northern Ontario have told me... any number of young people who want to go and find jobs up there in the mines, they can find

> them. So there's unemployment in one area, perhaps because some of the young people don't want to leave their homes or their girl friends, or I don't know why...

So, the Prime Minister says there is work in the north. In last night's paper there is a reference to "80 per cent idle," that high unemployment is the north's top problem. I do not think the Prime Minister knows what he is talking about.

Hon. Mr. Connolly (Ottawa West): Which newspaper is that?

Hon. Mr. Welch: In last night's edition of the Ottawa *Journal.*

The Prime Minister contradicted himself on February 13, 1971, when he said:

> We are visited annually by one of the most severe winters found anywhere in the world. Our climate imposes seasonal limitations on outdoor activity and, in the result, on the number of jobs which can be performed during winter months. For this reason our winter unemployment figures will always run at a higher rate than those, for example, in the United States, where winters are less severe.

On April 2, 1971, he said: "Go north, young man, go north." This is to the climate he has been talking about, under which there is much unemployment. The newspaper talks about "80 per cent idle." The whole thing is a vicious circle. The Government wastes money and then raises taxes to cover the waste. Taxes go up, so does the price of merchandise. Then Japan and other foreign countries get the business Canada should have. Down goes the economy and up goes unemployment and the cost of living.

Hon. John J. Connolly: Honourable senators, I did not have the opportunity of hearing the earlier remarks made by Senator Welch because I was in a committee that had power to sit while the Senate was sitting. However, I did hear what he had to say in the latter part of his address. I think it is quite proper for him to be commenting upon the general employment situation, or unemployment situation if you will, in Canada. He complains about excessive taxation, about excessive costs, certainly in areas of public activity; he refers to the B & B Commission, to the costs of the Special Senate Committees on Poverty and on Mass Media, and the excessive cost of refitting the *Bonaventure.* Surely this is mixing apples and oranges. I would submit the costs that have been incurred in connection with the study made by a committee of this house concerning the media was a very valid type of expense to incur. I think this Senate study is one that has redounded to the Senate's benefit. Naturally, people expect that this kind of study, carried on as it has been, will be costly, but I do not think we should inhibit our committee work in respect of a study of this kind because it might cost more than some of us would like to see spent. That applies to the Poverty Committee and to the B & B Commission as well, although I am not really called upon to defend the expenditures of a royal commission.

In any event, the issue that is truly before the house at this time is the revision of the unemployment insurance law of this country. It is not the expenditures of committees. That revision is based upon the recommendations of the Gill Commission, a royal commission established by the party my honourable friend supports. It is upon the basis of the recommendations of the Gill Commission that these revisions are being brought in now. My friend should commend the work that Commission did in looking at the unemployment insurance law of this country. That law has not been amended, except in respect of rates and benefits, for a period of 31 years.

What we are concerned with now is the wisdom of spreading the risk of having universal coverage, of widening the coverage available to people who have a temporary suspension of income, of improving the benefits and of controlling the benefits, and, in my view even more important, of tying in manpower and employment offices with the labour force so that when unemployment does strike an individual he will have access to agencies which can help him in various ways. Not only will they be able to help him find employment, but they will be able to help him find better employment and, moreover, will be able to train him to take a better type of work that will provide him with more money and opportunities for self-improvement.

Those are the issues we have before us this morning.

Yesterday in committee we had from the Chairman of the Unemployment Insurance Commission a most able presentation of a complex piece of legislation. Mr. Des-Roches, the chairman of the commission, answered all questions with ease and convinced the members of the committee in attendance that Bill C-229 is good legislation. It is progressive legislation but it is not revolutionary, because we have had the principle applied and adopted by every government in office since 1940.

This new legislation simply updates the program of unemployment insurance. It is for the benefit of people who have their employment temporarily disrupted. It is for the benefit of the country at large. When unemployment rates are no higher than 4 per cent on a national average, then the moneys that are put into the unemployment insurance account are going to be able to match the payments that are made. I point that out for the benefit of Senator Welch. It is done on an actuarial basis and it is to be reviewed annually.

Senator Isnor asked about this the other night, but there is no question of running the fund into a deficit position, as happened a few years ago when it went from over $800 million on the credit side to $37 million on the deficit side. That will never happen again. When rates go above 4 per cent, the extra cost of the benefits that are to be paid will be paid out of the Consolidated Revenue Fund. The 4 per cent is not an arbitrary figure, but reflects the average rate of unemployment for the past 30 years. Admittedly, we are in excess of that percentage now, and it would thus cost the public Treasury considerably more this year. Perhaps it is better to have it that

way, since unemployment, as the honourable gentleman has said, is a national issue. Then the risk is spread over the nation rather than being borne merely by the people who are in fact the contributors to unemployment insurance.

Hon. Mr. Burchill: Did you say 4 per cent was the national average rate?

Hon. Mr. Connolly (Ottawa West): Yes, the national average rate.

Honourable senators, in view of the kind of evidence we had yesterday and in view of the background of this legislation and the meaning it has for all of us, I urge the third reading of Bill C-229 at this time.

Hon. Mr. Welch: Honourable senators, I am very happy to find that what I said was sufficient to cause such an honourable and learned senator as Senator Connolly (Ottawa West) to rise to answer me. I appreciate it.

Hon. Mr. Connolly (Ottawa West): I am responsible for the bill, of course.

Hon. Mr. Welch: I realize that. What I was trying to explain to this house is that we should have more employment and do away with unemployment.

Hon. Mr. Connolly (Ottawa West): Hear, hear.

Hon. Mr. Welch: I should like to put one point to Senator Connolly (Ottawa West). He may not have time to consider it now, but it will give him something to think about. I defy anyone truthfully to say in this house that Canada has received any benefit from the Special Committee of the Senate on Mass Media when related to the tremendous costs of that committee. The Special Senate Committee on Poverty has yet to be heard from, and it has been travelling over this country from coast to coast for a long time now. It is almost time we were hearing something from that committee. The B and B Commission, so far as I can see, had a tendency to cause only trouble. It stirred up trouble between Quebec and the rest of Canada or, shall I say, between the French and English in Canada. Before the B and B Commission came into existence we were getting on fine. The Committee came along and made some Canadians think they were being imposed upon, and immediately people started looking for trouble on both sides. I am not blaming one side or the other but the results of the B and B Commission are such that we do not have the same degree of friendship today that we had a few years ago. That is the point I am trying to bring out here.

As far as the waste of money is concerned, there are other committees I could mention. And I notice that Senator Connolly (Ottawa West) said nothing about the *Bonaventure* deal and the millions of dollars that went down the drain there. It is no wonder we pay such high taxes. That is the reason. I am sure of it.

Hon. Mr. Connolly (Ottawa West): The *Bonaventure* is not my business, but I will think about the other points the honourable senator has raised.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

23 June 1971

Sir,

I have the honour to inform you that the Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 23rd day of June, at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,

Sir,

Your obedient servant,

Esmond Butler
Secretary to the Governor General.

The Honourable
The Speaker of the Senate
Ottawa.

CLEAN AIR BILL

SECOND READING

Leave having been given to proceed to Order No. 5:

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mrs. Fergusson for the second reading of Bill C-224, relating to ambient air quality and to the control of air pollution.

Hon. Joseph A. Sullivan: Honourable senators, I adjourned this debate yesterday with the statement, "The word 'environment' now evokes nightmares."

It calls to mind that exhaustion of natural resources, the accumulation of waste products, the various forms of pollution, crowding, noise, and the thousand devils of the ecological crisis. But while it is true that environmental degradation is now almost as widespread and as traumatic in the country as in the city, there is danger of thinking about the environment only in such negative terms. If we limit our interest to the correction of environmental defects, we shall behave like hunted creatures, trying to escape from one danger after another, taking shelter behind an endless series of protective devices—today, afterburners on our cars and complicated sewage treatment systems; tomorrow, gas masks over our faces and filters on our water faucets. Such technological "fixes" will have temporary usefulness, but they will increasingly complicate our life and ruin its quality. The real solution to the ecological crisis will have to come from a change in our ways of life and from the development of positive values relating human nature to external nature.

As a physician I am vitally interested in this legislation, particularly as it applies to the health of the people. Our health, if not our very lives, depends on our finding

a way of controlling pollution, more particularly air pollution. There is rather frightening evidence available to support the argument that air pollution is responsible for certain birth defects. It is also thought to aggravate to the extreme many respiratory ailments and to be the very cause of some of these.

Emphysema, chronic bronchitis, asthma, lung cancer, these are some of the diseases that can be brought on or, if they already exist, can be seriously complicated by befouled air.

Dr. Max Fitch, a medical consultant to the Ontario Health Department, warned recently that air pollution is probably the most serious current health problem. He said that historical records show that the victims of severe air pollution tend to be the very old and the very young, "particularly premature infants and those with chronic heart and lung disease." In these cases death is usually the result of pneumonia or heart failure superimposed on an already damaged constitution.

Dr. Robert Stern, professor of chemistry and environmental studies at Oakland University in Rochester, Michigan, says that he now believes that unless drastic changes are made, estimates that man has only 30 years to live are "very close to true." Ten times as many people are afflicted with chronic bronchitis and emphysema as were fifteen years ago. Dr. Stanley L. Kobler, a chest physician at the Montreal Jewish General Hospital, is convinced that air pollution has some bearing on the increase.

These findings have all been corroborated at the leading chest clinics of teaching hospitals in this country. Here I am quoting other authorities rather than my own particular field that I am vitally interested in.

Three factors can lead to or aggravate diseases which cause bronchial constriction and decrease the diameter of air passages resulting in more resistance to breathing. The first is cigarette smoking; the second, air pollution, and the third, heredity. Individuals react in different degrees of intensity to the first two factors because of their heredity. It all depends whether they have a predisposition. My old dad used to smoke 12 cigars a day and inhaled them, but he never had any trouble. He was the exception.

A team of researchers under the direction of Dr. Arian Barkaver, associate professor of veterinary science at Pennsylvania State University, recently concluded experiments which demonstrated that air pollutants can produce effects in mice that might be expected to cause allergies and decreased resistance to infections. As a matter of fact, this problem of pollution now is widespread through cattle and other types of animals in our whole domain.

A study reported in 1966 showed that the English children under the age of two who were studied showed a significant increase in chest illnesses in moderately and highly polluted area. Many parts of Canada today are probably more polluted than some of the industrial regions of England. You would have to be out of your mind not to support legislation of this type. To me it is vital, particularly from a medical point of view.

[Hon. Mr. Sullivan.]

The British study involved some 4,000 children observed for more than eight years. The incidence of diseases of the upper respiratory tract were really no different for high or low pollution areas. But lower respiratory diseases such as bronchitis, bronchialitis, and pneumonia were four times as frequent for children brought up in high pollution areas compared with children in low pollution areas.

A three-year study of children admitted to the Montreal Children's Hospital showed a "significantly higher" incidence of lower respiratory tract diseases than would have been expected. The occurrence of respiratory diseases in such young people linked with the existence of air pollution may well be laying a basis for serious chest diseases in later life.

The increasing amount of small particles in the air from oil-burning furnaces, cars and industry will increase the hazards of gas pollutants like sulphur dioxide. If the particles are small and abundant enough, they can carry gases down into the deep lung—the lower reservoirs of the lungs where cigarette smoke goes—and where much of the particulate matter and gas could be retained for long periods of time with dire detrimental effects on the patient's health.

Air pollution is a potential killer and drastic measures must quickly be taken to halt its destructive cause. This Bill C-224, though it takes actual concrete steps only in matters coming within exclusive federal jurisdiction, is still a major step forward. However, though I may be pleased with the principle behind this bill, I have serious reservations with regard to certain clauses of the bill itself.

To begin with, I should like to point out that though national emission standards and guidelines are discussed throughout the bill, these standards and guidelines have yet to be set and no indication is given as to when we can expect them. But, until they are published this bill cannot be implemented. They attempted to obtain this information from the minister late Monday night on third reading, but they could not get it in the other house. How is an inspector to know whether or not buildings are meeting standards, when he has no criteria against which to judge?

I was pleased to see that an amendment accepted when this bill was in the Fisheries and Forestry Committee of the other place was one that would ensure more consultation between federal and provincial governments before the setting of specific emission standards for any work, undertaking, or business in that province.

This proposed increase in consultation is all to the good. Were the federal and provincial governments to go their separate ways this could well result in industries and other sources of air pollution being required to conform to two different sets of emission standards based, likely, on two different philosophies of controlling air pollution. For example, Ontario has for a number of years carried on a program under the Air Pollution Control Act, 1967, of using published emission standards which relate to a point of impingement. This point of impingement is not the point at which the contaminants

are emitted, but rather the point at which they damage the capacity for the air to be re-used. The federal Clean Air Act, the one we have before us, will use standards which relate to the point of emission. This reference is on page 17, lines 30 and 31. Such a double standard must obviously be avoided. The individual responsible for a source of air pollution could be confused to the point of not being able to comprehend either system, or he might find it impossible to comply with both simultaneously. Where a set of emission standards exists, such as in Ontario, I cannot see that it would do any perceptible good for the federal authority to superimpose a second set of standards.

I am strongly in favour of the idea of setting up national ambient air quality objectives, and I consider it properly the role of the federal level of government to try and establish a set of common goals, to work towards a common denominator, to rationalize and co-ordinate the various efforts in this area. However, I would again express the hope that the federal Government would consult the provinces before determining what are referred to in clause 4 of the bill as "ambient air quality objectives" reflecting three ranges of quality of tolerable, acceptable and desirable of the ambient air in relation to that contaminant in combination with any one or more other contaminants. It is to be noted here that "tolerable, acceptable, and desirable" are in no way defined. Admittedly, they cannot be quantified but they could have been explained to some extent. This lacuna leaves the door open to potential conflict, and that is why I am eager that both levels of government should keep open the channels of communication.

Though in toto the bill is worthwhile, some parts of it are puzzling and even deficient. I refer here to clause 2, subclause (1)(b). That definition of "air pollution" includes, in addition to health, such things as welfare, and normal enjoyment of life. This is helpful because it will overcome the present difficulty in providing clinical proof of deleterious effects on human health. What is difficult to understand is why this definition in its entirety was not included in clause 7, subclause (1)(a), where only health is mentioned.

Clause 2, subclause (3) indicates that this act will be binding on the provinces. Yet elsewhere there is provision for entering into agreements with the various provinces. On the one hand, of course, agreements are fine, since they will ensure uniform national standards and prevent some provinces from taking a more casual approach to air pollution than others, in order to attract industry or for some other advantages. However, and I do not suppose I need dwell upon the fact, this could easily lead to friction and constitutional problems. It might have been wiser for the Government to include a provision for joint federal-provincial bodies to establish standards, as was the case with the Canada Water Act.

I fail to see why in clause 5, subclause (1) universities were not specifically mentioned as sources of knowledge which the minister and his officials might consult. I know that in my own university the head of Pollution Probe, Professor Chant, of the Department of Zoology, has carried out a wonderful investigation, in close consultation with the teaching hospitals, on diseases of the chest and heart, which I have been associated with, and in some cases, intimately consulted. Some of the best research in pollution control and abatement is being done by various departments in our leading Canadian universities. To leave this source of information and help untapped is to deliberately shortchange ourselves.

If one judges from clause 7, subclause (1), one is led to conclude that this act is intended to deal only with stationary sources of air pollution. The only reference to air pollution caused by mobile sources such as cars, trucks, et cetera, can be found in clause 10, subclause (2), and that serves to exclude mobile sources from the purview of this bill. The minister, in summing up the other night in the House of Commons, with regard to a proposed amendment, said that this power would be delegated to other departments. Yet, in urban areas these same mobile sources account for up to 50 per cent of the total air pollution, often providing the more hazardous components such as carbon monoxide and nitrous oxides. This is an area where the federal Government could have been of immense help to the provinces. It has chosen not to be.

Another point that could be raised with regard to clause 7, and my legal friends can correct me if I err, is that health is an area of concurrent jurisdiction with paramountcy being given to the provinces. Furthermore, international treaties in no way alter the Constitution of this country. Therefore, I suggest clause 7, subclauses (1) (a) and (b) may well be *ultra vires* the Government of Canada. Action in these areas could only be undertaken with the consent of the province or provinces concerned.

Clauses 19 and 20 could well be interpreted as something of a contradiction in approach. Clause 19 seems to indicate a willingness on the part of the central Government to consult with the provinces "for the purpose of facilitating the formulation, co-ordination and implementation of policies and programs designed for the control and abatement of air pollution." Clause 20, on the other hand, provides the federal minister with an opportunity to act unilaterally within a province in dealing with emission standards. The federal Government gives the impression in this section that it plans to use the goodwill and co-operation of the provinces regarding ambient air quality objectives as a lever to assume an unwarranted degree of supervision over emission standards.

The ubiquitous federal Government should not be permitted to engage in unnecessary "snoopervision".

Clause 22 states:

> No person shall produce for use or sale in Canada or import into Canada any fuel that contains any element or additive in a concentration that exceeds a concentration prescribed with respect to that element or additive in relation to such fuel for the purposes of this section.

This could have far-reaching economic and social consequences. It could also have the effect of nullifying carefully worked out and flexible control methods in use by the provinces. For example, the effect on Ontario

Hydro of a low sulphur coal regulation could be disastrous. Ontario Hydro is required to make long-term decisions on fuel types in order that it may design and build generating stations of particular types using certain fuels in advance of the need for the electric power by the community. It also has to enter into long-term contracts for the supply of fuels in order to guarantee the continued operation of such generating facilities in the future. Hence, it becomes imperative, once again, that any national policy governing the production and importation of fuels be worked out in consultation with the province or provinces concerned.

In closing I should say, honourable senators, I think that the definitions of the terms emission "standards" and emission "guidelines" should have been included in the interpretation section. The terms are bandied about the bill with graceless abandon, and I was at times hard-pressed to know exactly what they meant.

I would also point out that the control provisions of this bill may well result in duplications of programs with the provinces. This could lead to chaotic bickering unless the programs of the two levels are made complementary rather than competitive. This, of course, depends again on the degree of consultation between federal and provincial governments.

I should like to have permission of the house to include in *Hansard* at this point a series of references relating to diseases of the chest. I think these references would be of utmost value not only in connection with this legislation but for some of the officials in the department.

The Hon. the Speaker: Honourable senators, is it agreed that these references appear in *Hansard*?

Hon. Senators: Agreed.

(*The references are as follow:*)

(a) A. E. Martin, "Mortality and Morbidity Statistics and Air Pollution." Symposium No. 6, from "Medical and Epidemiological Aspects of Air Pollution," Proceedings of the Royal Society of Medicine, 57, October, 1964, page 966.

(b) J. Pemberton and C. Goldberg, "Air Pollution and Bronchitis," British Medical Journal, 2, 1954, page 567.

(c) A. S. Fairbairn and D. D. Reid, "Air Pollution and Other Local Factors in Respiratory Disease," British Journal Preventive and Social Medicine, 12, 1958, page 94.

(d) H. H. Schrenk, H. Heimann, G. D. Clayton et al., "Air Pollution in Donora, Pa., Epidemiology of the Unusual Smog Episode of October, 1948," Public Health Bulletin, No. 306, Washington, D.C., 1949.

Hon. Mr. Sullivan: Honourable senators, the key to the success of this bill is consultation, serious consultation between the federal and provincial governments. Without it the whole thing will not be worth the paper it is written on.

Senator Fergusson has ably given the Government side and the point of view of those in the department. I have tried to stress other angles which I think in a small way make a contribution, and I particularly emphasize the medical aspects. All the amendments that were proposed on Monday night were voted down in the other place. I feel this is most essential legislation. I feel we should get it through as fast as possible, and in my humble opinion it does not need to go to a committee.

Hon. Muriel McQ. Fergusson: Honourable senators—

The Hon. the Speaker: Do I understand it is the intention of the honourable Senator Fergusson to close the debate now?

Hon. Mrs. Fergusson: Yes, Mr. Speaker.

The Hon. the Speaker: I must remind honourable senators that if the honourable Senator Fergusson speaks now her speech will have the effect of closing the debate.

Hon. Mrs. Fergusson: Honourable senators, I am not going to make a prolonged speech. I would like to thank Senator Sullivan for his contribution, which shows his vast knowledge of this subject and the great deal of study he has given to this bill. I am sure that his suggestions will receive the attention of and study by the Minister of the Environment, and that account will be taken of his feeling of urgency that national emission standards and guidelines be established. I am very glad to know that Senator Sullivan endorses the bill, and that he thinks it does not need to go to a committee for study.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mrs. Fergusson: Honourable senators, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

HON. PAUL MARTIN, P.C.

BIRTHDAY FELICITATIONS

Hon. Jacques Flynn: Honourable senators, I see a red rose in the lapel of the Leader of the Government (Hon. Mr. Martin). It reminds me that today is his birthday, and I am sure I speak for all of us in wishing him well, and telling him that we are very happy to see that he continues to maintain good health and good spirits. We hope to have him with us for many years to come. He is doing an excellent job for the Senate and for the country.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: Thank you very much.

[*Translation*]

PILOTAGE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Daniel A. Lang for second reading of Bill C-246, respecting pilotage.

Hon. Jacques Flynn: Honourable senators, our present legislation on pilotage is out of date. It was drawn up, at least in substance, about or over 100 years ago and it has been seldom amended since then. Some attempts were made to cope with the situation in 1962 when the Royal Commission on Pilotage was established. As we know, the commission was presided over by Justice Yves Bernier, from Quebec City, assisted by Messrs. Smith and Renwick. It is, as pointed out by the sponsor of the bill, the senior commission of inquiry, since it has almost 10 years of existence, having been created in 1962. We must not, however, forget that its first volume was published in 1967 and that this first report contained all the general recommendations which were to be more specifically dealt with in the other volumes. For almost four years, the Government has been in a position to introduce amendments or still better another act on pilotage. It was, moreover, the first recommendation stated in the first report of the commission.

In other words, it was proposed to take out of the Canada Shipping Act, where they are presently, the provisions concerning pilotage so as to make a separate act out of them. It is, obviously, this first recommendation which is being put into practice now, but, as I said, more than four years after its presentation to the Government in the first volume of the commission's report.

The obvious purpose of the pilotage legislation is to provide for safety of navigation. This purpose, this object, is moreover to be found in clause 12 of the bill which states precisely that an Authority—and I shall come back on the meaning of these words—

> The objects of an Authority are to establish, operate, maintain and administer in the interests of safety an efficient pilotage service within the region set out in respect of the Authority in the Schedule.

However, I stress, by the way, the fact that the English text uses only the words "in the interests of safety". I do not think that this covers exactly the same thing. It would be better to state "for the safety of navigation"; but just the same, whether this is a typographical or other type of error, this may perhaps be considered in committee. I do not think that this requires a formal amendment, but I wish to stress this difference between the two texts.

So, as I was saying, the purpose of the legislation on pilotage is to insure the safety of navigation. Well, there is a strange thing in the existing legislation: only pilotage charges are compulsory. Shipowners must pay pilotage charges in areas where it is indicated that such charges are due, but they do not have to take a pilot on board. In other words, according to existing legislation, pilotage is not compulsory; only the payment of charges is. This rather strange situation did not have too many consequences in practice, because since pilotage charges were to be paid in any case, the ships might just as well take pilots on board. But it remains that this is the existing legislation. However, it is a recommendation of the Royal Commission on Pilotage to make pilotage compulsory, that is, to establish the principle that it is not the payment of charges which is compulsory, but recourse to a pilot's services in a stipulated area.

Secondly, the report also recognized the fact that the pilotage problem differed according to the areas, a great number of them, that it was not the same thing, that it did not require the same proficiency and knowledge to pilot a ship between Quebec and Les Escoumains, or to enter the port of St. John's, Newfoundland, or Halifax, or Saint John, New Brunswick, or to sail up river from Quebec to Montreal, to guide a ship through the Seaway, the Great Lakes, and that the situation is also quite different on the Pacific coast, at the entrance to the various ports. So, the royal commission recommended that administrative services concerning pilotage be decentralized. This bill does not take full account, I would say, of the position of the commission in this regard, since it establishes four large administrative regions, four authorities. As we know, the Atlantic region comprises all waters around Prince Edward Island, Nova Scotia, Newfoundland and New Brunswick including the waters of Chaleur Bay south of Cap d'Espoir. But, as I have mentioned, we find that, in that region, a large number of different situations occur, which may require that the authority adopt various sets of regulations.

The second region is that of the Laurentians, including all waters in the Province of Quebec up to the south, that is the southern exit of the St. Lambert lock.

The third region is that of the Great Lakes, extending from the southern exit of the St. Lambert lock to the Great Lakes. I believe it also comprises the waters of Manitoba, which would include the James Bay region, Port Churchill in particular. Finally, there is the Pacific region.

So, these are the four regions created by the bill and whose management is entrusted to four similar authorities made up of seven persons, including a chairman and a vice-chairman in each case.

The powers given to such authorities are quite extensive and maybe too extensive in my opinion. They are incorporated in clause 14 of the bill—and I should like to quote part of it:

> (1) An Authority may, with the approval of the Governor in Council, make regulations necessary for the attainment of its objects, including, without restricting the generality of the foregoing, regulations
>
> (a) establishing compulsory pilotage areas;

It is normal, I think. I see no difficulty in entrusting this power to these authorities. We have to determine, for instance, under these clauses, whether a pilot will be needed to get into the port of St. John's, Newfoundland or Saint John, New Brunswick, and so forth. But this power may also raise problems, were the authority to decide, for instance, the elimination of some existing pilotage areas where the payment of pilotage charges is compulsory. For the time being, however, it is to be presumed that the authorities are going to maintain the

pilotage principle in the areas where, presently, the payment of charges is compulsory.

(b) prescribing the ships or classes of ships that are subject to compulsory pilotage;

It can be seen there that an authority may reduce very substantially the scope of the legislation, since it may exempt any class of ship from the obligation of having a pilot on board, in a compulsory pilotage area.

How far shall we go? Of course the authorities can be trusted to some extent, but what if they should have different views about such a matter?

The Governor in Council will have to see to it that standards are established and included in the legislation. But, as far as safety is concerned, as we all know, these authorities are made up of persons appointed by the Governor in Council, and the legislation does not require from them that they should have any special ability, nor that they represent any interested group, as for instance shipowners, pilots, or others.

Then, the Government, when selecting the members of such an authority, must be most careful to appoint persons that are really competent in this field.

(c) prescribing the circumstances under which compulsory pilotage may be waived;

Under some circumstances, one can say it is unnecessary to have a pilot on board in spite of the fact that the ship is sailing in a compulsory pilotage area.

I shall now refer to subparagraph (f).

(f) prescribing the qualifications that a holder of any class of licence or any class of pilotage certificate shall meet, including the degree of local knowledge, skill, experience and proficiency in one or both of the official languages of Canada required in addition to the minimum qualifications prescribed by the Governor in Council under section 42;

Obviously, there again is the problem of having competent personnel in each authority.

As everyone knows, in the main pilotage areas, and especially in the St. Lawrence, there are pilots corporations acting as any ordinary professional association, they are the ones that established standards, hold examinations—and I don't know if the authority will be able to completely do away with the experience and standards already established by these corporations. But, it would be dangerous, it seems to me, to try it in the particular cases I just mentioned.

I pointed out that, in my opinion of course, clause 14 grants immense powers. Before the committee, the minister or his representatives might give us some clarification in this regard for the reassurance of pilots, many of whom I know are worried about the excessive discretionary powers conferred on the authority by that clause.

Also, regarding clause 15, the problem of acquired rights of licensed pilots at the time the new law comes into force has been brought up.

As is generally known, there are now pilots active for instance in Quebec, where another licence is required for piloting ships between Quebec and Montreal. However, both areas where payment of pilotage charges is mandatory will come under the jurisdiction of the same Authority—the Laurentian Authority, where transition arrangements exist—but one wonders what will happen. Some pilots would have no licence because their present one is not valid for the whole Atlantic region. Problems will therefore arise and pilots are wondering what will become of their rights under the present licence. They will not be happy with the transition arrangements in this regard. I hope that this point also can be clarified in the committee in order to reassure the pilots.

Hon. Mr. Martin: Agreed.

Hon. Mr. Flynn: Another comment I also wish to make is that under the legislation which is before us, provision is made for punishment in cases where pilots are guilty of violating the regulations applying to them. This is normal, but still the provisions of the Shipping Act which are not repealed by this Pilotage Act, involve a dual jurisdiction with regard to a pilot who would commit an offence by violating either the regulations or the act.

Then, they may be reassured about an extremely difficult situation where they might become liable to legal proceedings or become the subject of an investigation under the provisions of the Pilotage Act and also under the provisions of the Shipping Act.

Hence the possibility of a double penalty and a double investigation. In this respect, I think an amendment should have been brought in to let it be clearly known that only one charge would be laid.

Now, in the case of suspension, each of the authorities was given the power to suspend a pilot's licence for a valid reason and a right of appeal to the minister was provided. I seriously question the opportunity of giving this right of appeal. The minister can hardly say anything in circumstances such as these unless he relies, let us say, on the authority people, on the officers of each authority. In other words, he has to trust those who gave the first ruling. I wondered whether, under the Federal Court Act, there was a right of appeal from the decision of the minister. If so, then it would be sufficient to correct the defect I have pointed out. But, if there is no right of appeal to the Federal Court, if this is not allowed, it would have been preferable, in the case where a pilot's licence is suspended, that an appeal be allowed to the Federal Court rather than the minister, since the decision of the authority is quasi-judicial, so to speak, and in fact it is really strictly administrative and not judicial. I therefore believe that the Federal Court should have the right to look into, correct or revise such a decision; that is the principle of the Federal Court. I am not sure that right of appeal exists, and—

Hon. Mr. Langlois: It does not.

Hon. Mr. Flynn: If not, the situation can be remedied when the bill goes to committee.

The drafting of this bill strikes me as the result of a very laborious effort. There is no doubt, however, that

very little is known about the problems brought up by the royal commission. And in view of these circumstances and during the next few years, I am almost certain that this legislation will need to be revised and changed and that the breaking-in period will certainly suggest many amendments. For the time being, this is certainly an improvement on the present legislation, which again is obsolete and needs to be changed.

For all these reasons, I support the bill. I think it is useful to refer it to the committee, because pilots and other parties concerned did not have an opportunity to be heard before the committee in the other place. I think further that in accordance with our tradition we should allow people concerned by this bill to be heard and to appear before our committee.

Hon. Mr. Martin: I should simply like to add that I took the opportunity yesterday to arrange a meeting between some lawyers representing interested people and the minister and that in the course of this meeting the minister gave the assurances that they requested. But we shall be able to continue along these lines this afternoon.

[*English*]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. McDonald, bill referred to the Standing Senate Committee on Transport and Communications.

CANADA LABOUR (STANDARDS) CODE

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Prowse, for the second reading of Bill C-228, to amend the Canada Labour (Standards) Code.

Hon. John M. Macdonald: Honourable senators, as has been so well stated by Senator Prowse, the bill before us contains important amendments to the Canada Labour (Standards) Code. Some of the amendments are for the purpose of clarifying or modifying some of the present provisions, while others are additions to the code, and it is to some of these that I would like to direct your attention.

The minimum wage is to be raised from $1.65 to $1.75 an hour in those industries which come under federal jurisdiction. I do not know all the industries to which the minimum wage will apply, but I know that it does apply to transportation, even to trucking services when they extend beyond provincial boundaries, pipeline operations, telephone and cable communications, radio and television, grain elevators, banking, uranium mines and various federal crown corporations.

I was surprised to learn that only about 50 per cent of those employees covered by this bill are organized and members of a union. It would be interesting to know in just what industries the unorganized work. I anticipate that a goodly number of them work for the chartered banks. It would also be interesting to know just how many such employees are not receiving the minimum wage of $1.65 an hour or $66 for a 40-hour week. It must be remembered that various deductions are made from that $66.

It should be borne in mind that with few exceptions the industries which do come under federal jurisdiction are rather prosperous. I was interested in reading the evidence given before the House of Commons committee that little if any objection was made to increasing the minimum wage. The main objections were to other provisions of the bill, especially to that concerning hours of work and the total hours of work per week. In some industries a 40- or 48-hour week is not practical. Apparently some accommodation has been worked out between employers and their employees in these industries which they do not wish to have done away with. Again, I take it that such arrangements can be continued under the proposed regulations.

The main concern about raising the minimum wage has been the effect that this will or could have on minimum wage rates in industries under provincial jurisdiction. Apparently, although I am not sure about some cases, provincial minimum wages generally have been less than federal ones. Consequently, any increase in the federal field brings about strong pressures to increase provincial ones by at least the same amount.

I suppose we can all agree that the ideal would be for the minimum wage rates to be the same all across the country. Yet, as realists, we have to recognize that this does not appear to be possible at the present time. It is a hard though unpleasant fact of economic life that there are cases where raising the minimum wage rate could well result in putting some marginal industries out of business. Of course, I am familiar with the argument that such industries are not entitled to survive if they can only do so by paying a lower wage rate. Yet I think it is another hard fact of economic life that the employees of such industries might prefer to work for such wages where they reside, rather than not being able to obtain employment there at all.

The Minister of Labour recognized the effect that the federal minimum wage has on the provincial wage scales. In his speech on second reading he said, in part:

> The impact that federal minimum wages could or do have on the provinces and on their own particular norms is felt as the Ministers of Labour of the provinces realize the need to keep alive and in existence a labour incentive industry rather than a capital incentive industry.

And later in the debate he again referred to this when he said:

> I have a sense of responsibility which prompts me to take into consideration the problems of the provinces, particularly the Atlantic provinces where many small communities still engage in labour-intensive industries. Those industries do not lend themselves easily to automated methods of production or to technological change.

So, honourable senators, while many of us would like to see the federal minimum wage higher than $1.75 an hour, yet I think we probably have to accept the argument of the minister against making it any higher at this time as being a valid argument. Personally, since it will now be possible to raise the minimum wage by order in council, I hope that it will not be too long before the federal minimum wage rate will be at least $2 per hour.

I believe the other new provisions of the bill are not only welcome but overdue. Certainly the provision, modest though it is, for severance pay deserves support. However, I want to protest again against using severance pay, holiday pay or wage arrears as an excuse for denying unemployment insurance to a laid-off worker for the first two weeks of his unemployment.

The notices to be given when industrial lay-offs are expected should also be helpful. I noticed in the evidence given before the committee of the other place that concern was expressed about where a strike or a works stoppage in one industry could force another to close and it would not be possible to give the required notices. This is a valid objection, and I expect it will have to be resolved by the authority given to make regulations.

I think, too, the provision for maternity leave will find general acceptance. Indeed, as has been pointed out by the sponsor (Hon. Mr. Prowse), it is connected, as it were, with the new provision in the Unemployment Insurance Act dealing with the same matter.

Mention has been made of the provision of equal wages for equal work. It is good that discrimination is pretty well done away with in these industries coming under federal jurisdiction. Personally, I could never understand why there should be any differential in wages paid to persons doing the same work. I am a great believer in equal pay for equal work, and that is why I protest against the policy of the Government itself in paying different wage rates for the same work done in different parts of Canada. I charge the Government with practising discrimination in their own wage rates on a geographical basis.

Only last April there was a particularly vicious example of this. Wage rates were being negotiated by the Government with their own employees in the dockyards of Halifax and British Columbia. The Government insisted on the British Columbia workers receiving a higher wage rate than those in Halifax for doing exactly the same kind of work. Honourable senators may find it difficult to credit this, but the President of the Treasury Board, instead of apologizing for such action, tried to justify it.

Here was an opportunity for the Government to give real leadership in overcoming economic disparity, to give real leadership as a fine example to private industry, yet instead of doing so the Government chose to perpetuate this pernicious system. I realize that this type of discrimination cannot be corrected by this bill, so while I support the bill I urge the Government to end geographical discrimination in order to make the principle of equal pay for equal work apply to all.

[Hon. Mr. Macdonald.]

Honourable senators, this bill was given consideration in detail by the committee of the other place. Unless there is some group of persons or organizations who have indicated they wish to make representations to our committee, I do not believe any good purpose would be served by sending it to a committee.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. McDonald: Honourable senators, I am not sure whether any representations have been made, and I would therefore move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BANKING, TRADE AND COMMERCE

ADDITION TO COMMITTEE MEMBERSHIP

Hon. A. Hamilton McDonald, with leave of the Senate and notwithstanding Rule 45(1)(h), moved:

> That the name of the honourable Senator Smith be added to the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

The Hon. the Speaker: Honourable senators, has the honourable Senator McDonald leave to proceed with his motion?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. A. Hamilton McDonald: Honourable senators, I wonder if we might recess now to the call of the bell at approximately 3 o'clock? We have progressed fairly well in our work in the chamber this morning, but there is considerable work to be done in our committees. We should be in a position to come back into the house at about 3 o'clock.

Hon. Mr. Flynn: Has not an arrangement been made that Senator White should speak at 2 o'clock?

Hon. Mr. Martin: There was an arrangement.

Hon. Mr. McDonald: I said "approximately". Perhaps the bell will ring at 2 o'clock. I should like to see Senator White when we leave the chamber.

Hon. Mr. Flynn: Perhaps we could adjourn to the call of the bell at 2 o'clock. There would be no problem in not ringing the bell until 3 o'clock.

Hon. Mr. McDonald: I will see Senator White in the meantime.

The Hon. the Speaker: Honourable senators, I should like to know the approximate time to which we are adjourning.

Hon. Mr. McDonald: Three o'clock.

The Hon. the Speaker: We might compromise and say 2.30.

Hon. Mr. McDonald: Three o'clock.

The Senate adjourned during pleasure.

At 3 p.m. the sitting was resumed.

POST OFFICE ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Monday, June 21, the adjourned debate on the motion of Hon. Mr. Denis, for the second reading of Bill C-240, to amend the Post Office Act.

Hon. George S. White: Honourable senators, we are all in debt to honourable Senator Denis for his clear and capable explanation of Bill C-240, an act to amend the Post Office Act.

There are three main items in this bill. The first is an increase in rates for first-class mail under clause 3. The second is the establishment by regulation of rates of postage for letter mail over one pound not established by this act as provided in clause 2. The third is that, according to clause 1(3) on page 2, the bill gives the Postmaster General the authority to delegate powers, duties and functions to certain departmental officials.

There is one provision in the bill which will appeal to all honourable senators. I refer to clause 2(2)(l) at the top of page 3, which provides for the transmission by post, free of postage, of letters, books, tapes, records and other similar materials for the use of the blind.

Hon. Senators: Hear, hear.

Hon. Mr. White: The present act only provides for the transportation by post, free of postage, of books for the use of the blind. There is no doubt that this amendment will be of great assistance to the blind people of Canada.

In moving second reading of the bill in the House of Commons, the minister made this very pertinent statement, as reported in *Hansard* at page 6216:

> Among the specific problems, one which concerns me greatly is the loss of public confidence the Post Office has experienced in recent years. As I have said before, this confidence must be restored if the Post Office is to be able to continue its vital role in Canadian society. To this end, we are moving to improve services through major reforms.

Now, if the minister really wants to make major reforms, they should not consist merely of a 33⅓ per cent increase in postal rates. It will be necessary, indeed, to improve the postal services throughout Canada so that the Post Office might retain public confidence and be more widely used, because the annual report for 1970 shows that the mail volume of pieces handled declined from 4.9 billion to 4.8 billion.

The honourable Senator Denis, in introducing this bill in the Senate, stated at pages 1169 and 1170 of *Hansard:*

> I consider this increase to be amply justified by a succession of substantial deficits, and necessary in order to bring about an improvement of postal services—I consider it to be desirable that the Post Office Department should cover its expenses or, at least, that the gap between costs and revenues should not be too great.

The Government has decided to make mail users pay for this deficit. Honourable senators, the Post Office Department renders and should render and provide service to all Canadians in every part of Canada. That is true, but when you consider such corporations as the CBC, Air Canada, the National Film Board, the Canadian National Railway Company, the National Art Centre in Ottawa, and the many other companies or corporations that are subsidized by the Canadian taxpayer, you begin to think that perhaps the Post Office should also be subsidized. After all, there are many Canadians who make little use even of the CBC. Many Canadians never travel by Air Canada or by CNR. The great majority of Canadians will never witness a performance at the Arts Centre in this city. On the other hand, every Canadian taxpayer pays his share of the deficit of these enterprises and groups. Why, then, when the Post Office renders services to every citizen in every part of Canada, should the Post Office not be subsidized in the same manner as these other enterprises and groups? Why subsidize newspapers and magazines and not the Post Office?

The honourable senator also stated at page 1170:

> This increase for individuals as well as for companies and business firms is very small, in comparison with price increases for consumer goods or with salary increases and I also have in mind the present cost of clothing, food, housing and services.

The honourable senator knows, and every other honourable senator knows, that any increase to large business firms or companies is simply going to be passed on to the consumer. The honourable senator certainly made a significant statement when he referred to the present cost of clothing, food, housing and services. Everyone knows there have been increases, and one can only marvel, considering the rate at which utilities and services have increased as well as clothing, food, housing and services, at how it can be explained that in one month the cost of living goes up only a fraction of one per cent.

The increase proposed in this bill for postage rates will amount to 33⅓ per cent. If this bill is passed, it is expected that the minister will announce increases for third-class mail. In his remarks, on second reading, as reported at page 6217, of *Hansard* of the House of Commons he mentioned $30 million as the deficit for the present year for providing services to newspapers and periodicals. In this connection it is interesting to refer to page 35 of the proceedings of July 10 of the Commons Committee on Transportation and Communications, to which committee this bill was referred. The officials of

the department were questioned as to how much it cost the Government to handle *Reader's Digest* and *Time* magazine. The information was given that as far as *Reader's Digest* was concerned, the Government received in the course of a year $346,000, but it cost the Government $1.173 million to deliver this magazine, leaving a deficit of $827,000. As far as *Time* magazine was concerned, the Government received $452,000 while it cost the Government $1.562 million. This resulted in a total deficit of approximately $2 million for these two magazines. It would appear that the average Canadian taxpayer is subsidizing these two very rich and powerful American magazines to the extent of about $2 million per year.

Honourable senators, everyone knows that the Canadian edition of *Time* has no more than four to six pages of Canadian news, and the rest of the magazine is devoted to United States news. The same situation applies to *Reader's Digest*. Most of the articles appearing in the Canadian edition are copied from the American edition. So, it is rather difficult for the minister to justify the expenditure of $2 million taken from the pockets of the Canadian taxpayer to subsidize these two magazines, and at the same time ask for an increase of 33 1/3 per cent in the postal rate for ordinary letters.

The anticipated loss in third-class mail for the current year is estimated at $38 million. Much of this mail is classed as junk mail, and much of this junk mail comes from the United States. Canada and the United States exchange mail handling services free of charge, although one country has a population approximately 10 times that of the other.

During the last two or three years everyone has had the experience of long delays in receiving letters. It is difficult to understand or explain why it takes days for letters to go from one city in Ontario to another. Personally, I have had the experience of posting letters in the Senate Post Office and it took nine days for one letter to reach Pointe Claire, and six days for the others to reach Kitchener. This is poor service, and the minister should not increase postal rates until the Canadian taxpayer receives a proper daily service.

Apparently the minister does not propose to restore the six-day service. The postal service has not improved since the last increase in postal rates from five cents to six cents. What assurance can the minister give that the service will improve as a result of this increase of 33⅓ per cent? Post offices in small communities are closed on Saturday afternoon while stores and most places of business are open and operate all day Saturday. Much of the problem concerning delayed mail delivery arises from the fact that mail received between Friday and Monday is often not delivered until Tuesday. In my opinion, post offices, which have a monopoly on certain types of service which the public demands, should be open six days a week.

Few Canadians will agree with the closing remarks of the minister during the debate on second reading of the bill. His final remarks are reported at page 6314 of *Hansard* as follows:

> In closing, I want to say that in my department priority is being placed on service and I believe we are now giving Canadians the kind of service they deserve.

I emphasize the words "the kind of service they deserve." If the minister inquires around the country he will soon find out what the public think of the present postal service.

Speaking of third-class mail, the minister stated at page 6217 of *Hansard:*

> This year's loss on third class mail is expected to be just about $38 million. This category covers printed material of various sorts, such as advertising circulars and catalogues, Christmas cards and small packages of merchandise that do not weigh over one pound. The postage rates for this class of mail were last adjusted in November 1968.

Included in third-class mail is mail put out by voluntary, charitable health and welfare organizations and other such groups, which give out information to their members on a non-profit voluntary basis. The minister should not lump profit-oriented third-class mail and junk mail with mail posted by voluntary health and welfare and other charitable organizations that come under this category, yet the minister proposes to increase the rate for third-class mail.

A short time ago all honourable senators received a pamphlet from the three groups who interviewed the minister in May. These groups were the Canadian Rehabilitation Council for the Disabled, which operates what we know as the Easter Seal Campaign, the Canadian TB Association, which operates the Christmas Seal Campaign, and the War Amputees of Canada, who operate the key tag service. All these groups are non-profit organizations; all are rendering a necessary and valuable service to Canadians.

The minister has stated that he will defer any increase in second-class mail until the in-depth study which is presently under way is completed. Why, then, does he propose to increase third-class mail rates without an in-depth study of third-class mail, which will divide the junk mail from mail sent out by voluntary health and other non-profit groups?

The three groups to which I have referred asked the minister in an interview to establish a special category of mail for organizations such as those that operate the Christmas Seal and Easter Seal Campaigns and the key tag service. Why should the mail of these organizations be lumped in with junk mail? A start in this direction has been made, as I said at the beginning of my remarks when I referred to certain postage-free mail for the blind.

It was stated in the other place that the postage paid by these three organizations in 1970 amounted to well over $1 million. Any further increase will most seriously cripple the work of these most worthwhile organizations. The minister stated in committee that he was considering the matter and would give an answer before July 1.

The main amendment in this bill comes under clause 10, which proposes the further major increase in the first-class ordinary letter rate. Until 1968 local first-class letters were handled for four cents, while out-of-town letters were handled for five cents. These rates were increased to a flat six cents. This represented a 50 per cent increase in local first-class rates, and 20 per cent for out-of-town letters. This considerable increase was accompanied by a major reduction in service to a five-day week, and the closing of many rural post offices for half a day per week. It is now proposed to increase the flat rate to seven cents, and early in 1972 to eight cents. This will represent a 100 per cent increase in local mail delivery for ordinary letters and a 60 per cent increase for out-of-town letters in a period of only four years.

These further proposed substantial increases in postal rates affecting consumers should be opposed as inflationary. Before any further increase is made in postal rates, the minister, through his department, should provide a proper mail service for all Canadians.

Hon. Azellus Denis: Honourable senators—

The Hon. the Speaker: Is it the intention of the honourable Senator Denis to close the debate by speaking at this time?

Hon. Mr. Denis: Yes.

The Hon. the Speaker: May I remind honourable senators that if the honourable Senator Denis speaks now his speech will have the effect of closing the debate.

Hon. Mr. Denis: Honourable senators, I must thank the honourable Senator White for his important contribution to the debate. I think he approves the bill generally, because instead of discussing the bill he discussed other matters such as second- and third-class mail and other aspects of the post office. We are not considering the Estimates of the Post Office Department; there is plenty of opportunity to ask such questions.

At any rate, as far as first-class mail is concerned, when he speaks of delays, two or three members might recall two or three delays here and there, but we found during the last year that out of four to five billions of letters and other material mailed, there were only a few thousand complaints.

Trust or confidence in the post office has been a little damaged by the transportation and rotating strikes. But that is all over now. Provision is made in the bill to reduce such delays. For instance, there is the assured mail service. It guarantees delivery within 24 hours for items deposited, before a certain time of day, in the new blue and white striped boxes. Those who are in such a hurry as to require their mail to be delivered within 24 hours now have that service available. That is an improvement which costs money, and we must recognize that the post office service will cost money. This was explained by the minister in the other place.

The honourable senator mentioned the percentage of increase in the cost of stamps as being 100 per cent. I must remind him that 100 per cent of one cent is only one cent. It would be different if there were an increase of 100 per cent on $100. An increase of 100 per cent on $100 would mean a $100 increase, but on one cent the increase is only one cent.

Honourable senators, the ordinary citizen uses the mail once or twice a month, so we get an average of 50 cents to be spent by the ordinary citizen in a year, on account of this increase which is being asked. Big stores, telephone and hydro companies, and other companies with a large volume of mail, will absorb about 80 per cent of the expenses. They use the mail service regularly to their benefit.

Honourable senators, in regard to delay, it is not always the fault of the department if a letter is a day or two late. It may depend on the climate, on a storm when aircraft cannot move the mail. This was the case last winter when we had such heavy snowfalls across the country. Sometimes letters are not properly addressed or not well sealed. The delay may not be the fault of the department, but through the negligence of the sender. I understand there have been only 18,000 complaints, out of five billion of mailable material. That is only a drop in the ocean.

Some have said that business firms might pass this increase on to the customer. It is not a sufficiently large increase to warrant such a step. Firms do that where the increase might be 3 cents or 5 cents every day, but that is not so in this case. I think of those newspapers which sometimes like to criticize the Government. I think of a newspaper like *Le Devoir*, which used to be sold for 2 cents or 5 cents. It cannot be bought under 15 cents now. One has to pay that every day. On the other hand, this postal increase affects the citizen only once or twice a month. That is all I have to say about first-class mail.

Honourable senators, there has been some talk about *Readers' Digest* and *Time* magazine. There is some good reason for the way the rate has been fixed. I understand many hundreds of Canadians are working because of these periodicals. There might be some international arrangement. This question has been studied constantly. The minister also said that it is intended to bring the international mail problem before the postal union convention in 1974. They have already taken steps to correct the imbalance there is between mail coming from the United States and mail going to the United States. At a recent convention they settled upon a compensation of eight cents per pound. So, there is still a saving in respect of the United States at the present time, and I can assure you that if the Canadian Government can save money in that way it will do so with great pleasure.

I should point out that if this bill is given second reading now I will move that it be sent to the Standing Senate Committee on Transport and Communications, which I have been given to understand will be meeting at four o'clock for the express purpose of considering this bill. The departmental officials will be available for questioning by Senator White and others. I am sure any questions honourable Senator White may care to ask will be answered to his satisfaction by those officials, not only in respect of first-class mail but also regarding second-class

and third-class mail. They will have the right answers and the right reasons for bringing this bill in at this time.

Hon. Mr. Choquette: It will not be White-washed.

Hon. Mr. White: May I ask honourable Senator Denis a question? He referred to big business and what the increase would cost them, and he mentioned the two utilities, the hydro and the telephone companies. Would he not agree that, so far as the hydro and telephone companies are concerned, any increase in rates would simply be passed on to the consumers?

Hon. Mr. Denis: Yes, but in the case of Hydro Quebec, for instance, that would mean only four cents per customer every two months, because Hydro Quebec sends its bills out every two months.

Hon. Mr. White: But they send out tens of thousands of bills.

Hon. Mr. Denis: It applies to every bill, yes. I should like very much to get the profits that Hydro Quebec has at the end of each year. A few cents more will not mean much to them. At any rate, they get the benefit out of it because they use the mail only to send out bills to their customers and they simply ask the customers for more money. But, in my opinion, the increase to the customer would be there despite any increase in postal rates.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Denis, bill referred to the Standing Senate Committee on Transport and Communications.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Argue for the second reading of Bill C-239, to amend the Prairie Grain Advance Payments Act.

Hon. Paul Yuzyk: Honourable senators, the lucid explanation of Bill C-239 by Senator Argue, a reputable authority on agricultural problems, has made it easier for me, a non-farmer, to understand the unenviable position of the western farmer. I should therefore like to congratulate the sponsor of this bill not only for his clear presentation of the essential points but also for his enthusiasm in promoting the just cause of the farmers who are hard pressed by conditions over which they have little control.

I have some understanding of the problem of the prairie farmers, because I was born in the largest wheat-growing province in Canada. I was born in a coal mining district near Estevan in southern Saskatchewan. Although I was raised in Saskatoon, in the early 1930s during the great depression as a young lad I went harvesting in several farming communities, where I stooked and pitched sheaves into rumbling threshing machines, sometimes 16 hours a day. The money I earned by hard labour and sweat helped to put me through secondary school and teachers' college. Then I taught in public and secondary schools for eight years in farm districts near Hafford, 70 miles northwest of Saskatoon, not far from Borden where former Prime Minister John Diefenbaker was raised. My pupils were children of farmers and thus I became keenly interested in their work and way of life.

I went among the farmers, helped them with some of their work and even set up experimental plots of grain of superior quality. I also assisted farmers to organize themselves in co-operatives. Later, during my university career in Winnipeg, I often visited farming communities in Manitoba and Saskatchewan and kept up with the general developments in agriculture.

Agriculture is still the backbone of the nation and an important element of the Canadian economy. If agriculture is depressed, the whole economy is adversely affected. The trouble is not in production, except in drought years. The main problem is the sale of the staple grain, and this is dependent on a world market. Because of stiff competition on the part of other grain producing countries, Canadian sales of wheat and other grains have often been slow, which has meant that grain elevators and storage bins have been overfilled, forcing the farmer to store more grain on his farm. This grain could be sold only on a quota system, which often was slow-moving, thus hitting in particular the small farmer. Many farmers were not able to realize enough cash to pay their debts and were often forced into bankruptcy.

The Wheat Board was established to regulate, control and promote the sale of wheat, oats and barley. The farmer became dependent on the Wheat Board for the sale of his grain. Under the quota system the receipt of cash was slow. The Wheat Board was under the control of a minister in the Government and thus the Government became the "big daddy" for the farmer. If the Government could not sell the wheat in certain years, the farmer received only a minimum of income, causing a depression in the prairies. The farmers could then blame the Government for poor management of sales. In general, however, it is recognized that the Wheat Board is necessary but should improve its competitive efficiency in the world market.

Basically, the farmer is hard-working and progressive, and he wants to be independent. He would like to get full payment for his grain upon delivery so that he would be able to pay off his debts on high-cost machinery and his taxes. He wants to maintain and increase production and not reduce it, as the Government required recently. If he cannot get full cash, he wants to get as much advance payment as possible for the grain that he has already produced but is not allowed to deliver to the elevators because of Wheat Board and government policy.

The DBS statistics for the three prairie provinces show that there is a marked decline in farm cash receipts from farming operations. Manitoba's cash receipts dropped from approximately $351 million in 1969 to about $336 million in 1970; Saskatchewan's dropped from $709.7 mil-

lion in 1969 to about $691 million in 1970; and Alberta's went down from $727.5 million in 1969 to about $694 million in 1970. This decline can be attributed to Government policy. It is true that large wheat sales have been made to the Soviet Union, China, Poland and other countries, but it is also true that the deliveries have fallen behind, and in some cases far behind. It shows poor management on the part of the Government. This is not the fault of the farmer, yet he is the one who has to suffer.

The Government has realized the seriousness of the situation and is now coming to the aid of the farmers.

Bill C-239 was explained in this chamber yesterday by Senator Argue, from Saskatchewan. It consists of amendments respecting rate per bushel, emergency payments, and extension of application to rye, flaxseed and rapeseed of legislation introduced in 1957 by the Diefenbaker Government. The success of the original legislation becomes evident from the report of Minister Otto Lang. Of the 285,000 farmers there were 121,092 advances for the crop year 1969-70, for a total of $270,754,372, the bulk of which was paid off. A total of 51,285 advances was issued in the 1970-71 crop year, for a total of $90,605,350 as of April 23. Since losses have been minimal, it proves that the legislation has been very beneficial to a large section of the farmers.

The changes proposed in this bill should prove, I hope, to be even more beneficial to the agricultural industry. Under the old act the rates for cash advances were $1 per bushel at half the initial price for wheat, 40 cents for oats, and 70 cents for barley. Under this bill the Government can set rates at any time by order in council, the amount of the advance to be related to the delivery opportunities and the likely delivery value of the grain for that year. The repayment amount for each grain will be set at a per bushel rate in the same amount as the advance, so that the advance will be repaid as delivery takes place. Under this system the producer will obtain interest-free cash at the time the delivery opportunities are slow or limited. The cash that is so desperately needed by the farmers now becomes available to them to a considerable extent. This legislation will bring assistance to rye, flaxseed and rapeseed producers, and this is a new feature. It will also be helpful to farmers having problems with the drying of damp grain, and unharvested and unthreshed grain, due to climatic conditions such as early snowfall, and who would therefore need the extension of cash advances.

In general, the principle of this bill is good. There are some features of it that are not quite clear to me. For example, the amendment to section 7(4) is:

> (4) The Governor in Council shall prescribe as the advance payment rate per bushel for a kind of grain in a crop year a rate that, in his opinion, approximates sixty-six and two-thirds per cent of the initial payment that will be payable in that crop year for the prescribed grade of that kind of grain.

Why has 66⅔ per cent been designated and not 60 per cent or 70 per cent, for example, which are easier to calculate? How much will this program cost the Government and the taxpayers of Canada?

The withholding of the amount in default in clause 12, amending section 16(1), is provided by the following:

> —interest at the appropriate prescribed rate per annum from the time of the making of the advance payment —

Will the interest be the current market rate?

Another question that I would like to ask is how effective are the safeguards against abuses by farmers who might not need the cash but could secure it on an interest-free basis for exploitation purposes?

I understand that rapeseed producers are doing well under a free-enterprise system, and are not anxious to come under the Wheat Board regulations. Is that the case also with rye and flaxseed producers? Has the Government consulted these producers prior to bringing them under this legislation?

I still think that since the Government is the "big daddy" for grain producers and has tried to improve the financial condition of the farmers on the prairies, it will have to step up sales promotion and the delivery on schedule of the export grain committed to countries in various parts of the world. The objective should be that farmers receive full payment for grain delivered at any time without quota restrictions.

I support Senator Argue's proposal that this bill be referred to committee for closer scrutiny.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Argue, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

PILOTAGE BILL

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees.

Hon. J. Campbell Haig, Chairman of the Standing Committee on Transport and Communications, reported that the committee had considered Bill C-246, respecting pilotage, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. McDonald moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CANADA DEVELOPMENT CORPORATION BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-219, to establish the Canada Development Corporation, and had directed that the bill be reported without amendment.

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

VIETNAM

TRANSMISSION OF INFORMATION BETWEEN CANADA AND THE UNITED STATES IN 1964—QUESTION ANSWERED

Hon. Paul Martin: Honourable senators, yesterday Senator Benidickson asked me a question, and in view of its importance I preferred to give consideration to it and reply later. Senator Benidickson's question related to the transmission of information between Canada and the United States in 1964. It is a long question and is to be found at page 1180 of Senate *Hansard*. My reply is as follows:

In his statement to the house on June 17, my colleague the Secretary of State for External Affairs gave an account of the actions of the Government at the time of which Senator Benidickson was speaking. I refer honourable senators to that statement, which includes one which I myself made on June 10, 1965, before the Standing Committee on External Affairs.

We were made aware, in general terms and through normal diplomatic channels, of the United States assessment of the situation in Indochina at that time. This assessment, it is important to note, reached us six months after Mr. Seaborn delivered his message referring to the probable United States reaction to further North Vietnamese activity in South Vietnam.

In his visit of December 1964, Mr. Seaborn was authorized by the Government, and by me as Secretary of State for External Affairs, only to ask if the North Vietnamese authorities had any message for him to pass on. We were not allied to the United States in its operations in Indochina and were not as fully informed about its various plans and intentions as seemingly were some other governments. Consequently, the Canadian Government had no precise advance information on what later transpired.

Throughout the period—now the subject of so much attention—the Canadian Government acted in good faith and with the sole object of reducing the chances of an extension of the war in Vietnam. I doubt very much if any responsible government would have refused to take part in an effort of this nature if it believed that by so doing there was some chance that the tragic war in Indochina might be brought nearer to an end. In this context I might also add that the facilities of the Canadian Commissioner to the International Control Commission, of which Mr. Seaborn was then the chairman, were used not only by the United States Government for conveying its message to the Government of North Vietnam, but that the same facilities were available to the Government of North Vietnam for conveying any messages it wished to communicate to the Government of the United States. Indeed, the reaction of the prime minister of North Vietnam to the messages he was given was faithfully conveyed to Washington by our Commissioner and the Canadian Government.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act relating to ambient air quality and to the control of air pollution.

An Act respecting unemployment insurance in Canada.

The Honourable Lucien Lamoureux, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting Her Majesty certain sums of money for the public service for the financial year ending 31st March 1972.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. A. Hamilton McDonald moved, with leave of the Senate and notwithstanding Rule 45(1)(g), that when Senate adjourns today it do stand adjourned until Monday, June 28, at 8 p.m.

Honourable senators, originally we planned to meet at 2 o'clock Monday afternoon, but in view of the progress that we made in the chamber and in our committees today, it is possible to arrange to sit at 8 o'clock Monday evening. The work for the chamber may not be extensive on Monday evening, but there is a possibility that when we have completed our work in the chamber we may go into committee. Furthermore, many honourable senators have expressed their desire to sit Monday evening rather than Monday afternoon. I understand that many of them have commitments in their home provinces and that it would be more convenient for them if the house were to sit in the evening. I think this adjournment will meet the wishes of the majority of senators, and I am sure we will be able to accomplish our work before Wednesday when we expect to adjourn for the summer recess.

Motion agreed to.

The Senate adjourned until Monday, June 28, at 8 p.m.

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THE SENATE

Monday, June 28, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1971, including its accounts and financial statements certified by the Auditor General, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, June 23, 1971, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952.

Report of the Auditor General on the examination of the accounts and financial statements of the National Battlefields Commission for the fiscal year ended March 31, 1971, pursuant to section 12 of An Act respecting the National Battlefields at Quebec, chapter 57, Statutes of Canada, 1907-08, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report on the activities of the Food and Agriculture Organization of the United Nations for the fiscal year 1970-71, pursuant to section 3 of the Food and Agriculture Organization of the United Nations Act, chapter 122, R.S.C., 1952.

Capital Budgets of Eldorado Nuclear Limited and Eldorado Aviation Limited for the year ending December 31, 1971, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, together with a copy of Order in Council P.C. 1971-1065, dated June 7, 1971, approving same. (English text).

Report of the Farm Credit Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report on Vocational Rehabilitation for the fiscal year ended March 31, 1971, pursuant to section 12 of the Vocational Rehabilitation of Disabled Persons Act, chapter 26, Statutes of Canada, 1960-61.

Report of the Canadian Overseas Telecommunication Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to sections 22 and 23(1) of the Canadian Overseas Telecommunications Act, chapter 42 and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C. 1952.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. A. Hamilton McDonald, with leave of the Senate, moved:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting tomorrow, Tuesday, June 29, 1971, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

STATUTORY INSTRUMENTS

PROPOSED STUDY OF PROCEDURES BY THE STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS—MOTION STANDS

On the Motion:

That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee.

Hon. A. Hamilton McDonald: Honourable senators, I request that the motion stand until Tuesday, September 7, 1971.

Motion stands.

OPPORTUNITIES FOR YOUTH PROGRAM 1971

PROJECTS SUBMITTED BY BOY SCOUTS OF CANADA—QUESTIONS ANSWERED

Hon. Leopold Langlois: Honourable senators, on June 16 the following questions were put to me by the honourable Senator Molson in connection with the Opportunities for Youth Program:

(1) Is it correct to say that approximately $23.4 million has been allocated already out of a total grant of $24.7 million?

(2) Have any of the 2,300 projects apparently approved included any of those submitted by the Boy Scouts of Canada?

(3) Does the Government consider that this, the oldest and largest responsible boys' organization, is not as worthy of support as some of the hippy and activist groups already supported?

(4) Could the Deputy Government Leader explain to this chamber why the submissions of March 1971 of the Boy Scouts of Canada to the Department of the Secretary of State suggesting 116 projects covering 10 provinces, for the total value of $185,000 and involving 180 boys for the benefit of 12,000 other boys, did not even receive the courtesy of an acknowledgement?

These questions have been in the form of a letter from the Secretary of State, dated June 23, 1971, which read as follows:

In answer to your letter of June 16, 1971 regarding the Honourable Senator Molson's question to the Honourable Senator Langlois in connection with the Opportunities for Youth Program, I wish to inform you that the total amount of money allocated for the Program is correctly $23.4 millions. Those projects, submitted by the Boy Scouts of Canada that we accepted are:

"Camp Lloaskite" by the 18th Scout Group in Calgary, Alberta amount: $12,125.

"Project Beachhead" by the 100th Rover Crew in Windsor Ontario amount: $5,380.

With regard to the third question I wish to point out that the federal Government recognizes the validity and worthiness of the Boy Scouts Association. In this respect, the Citizenship Branch provides annually grants up to $15,000 plus the moneys made available to them through the Young Voyageur program. The Department of Health and Welfare also provides them with substantial grants.

In respect to the Opportunities for Youth Program, all projects submitted were studied on an individual basis and evaluated according to their compliance with program criteria, which included the involvement of young people in the development, management and evaluation of projects, the provision of benefits to the community and the development of new services. In addition, the cost per job was considered, as was the regional and subregional distribution of jobs. All projects submitted were considered on the same basis and rated on these criteria. You can be assured that all projects submitted prior to the April 15th deadline were given careful and serious consideration and were analyzed within these criteria.

In answer to the fourth question, in view of the large number of applications received, totalling some 13,000, telephone contacts were used rather than written acknowledgements; I was also assured that several discussions were held between officials of the Boy Scouts Association and the Opportunities for Youth Program.

Hon. Mr. Burchill: May I ask who wrote that letter?

Hon. Mr. Langlois: It was written by the Secretary of State to the Leader of the Government in the Senate (Hon. Mr. Martin).

COPYRIGHT ACT

BILL TO AMEND—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committee:

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-9, to amend the Copyright Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

POST OFFICE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. J. Campbell Haig, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill C-240, to amend the Post Office Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Denis: Now.

Hon. Mr. White: Next sitting.

Hon. Mr. Denis moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

GENERAL CONFERENCE IN KUALA LUMPUR

Leave having been given to revert to Notices of Inquiries:

Hon. Allister Grosart: Honourable senators, with leave of the Senate and notwithstanding Rule 44(2), I give notice that on Tuesday, June 29, 1971, I will call the attention of the Senate to the forthcoming General Conference of the Commonwealth Parliamentary Association to be held in Kuala Lumpur, Malaysia, from 3 to 18 September, 1971, and in particular to the participation therein of a delegation from Canada.

Honourable senators, I believe this is the traditional motion which has been passed over the years. I have no intention whatsoever of making a speech, but I will ask leave of the Senate to place in the record of our proceedings merely the agenda of that conference.

CANADA LABOUR (STANDARDS) CODE

BILL TO AMEND—THIRD READING

Hon. A. Hamilton McDonald moved third reading of Bill C-228, to amend the Canada Labour (Standards) Code.

Motion agreed to and bill read third time and passed.

PILOTAGE BILL

THIRD READING

Hon. A. Hamilton McDonald moved third reading of Bill C-246, respecting pilotage.

Motion agreed to and bill read third time and passed.

CANADA DEVELOPMENT CORPORATION BILL

THIRD READING

Hon. Salter A. Hayden moved third reading of Bill C-219, to establish the Canada Development Corporation.

The Hon. the Speaker: Honourable senators, it is moved by honourable Senator Hayden, seconded by honourable Senator Denis, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Flynn: On division.

Some Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

CANADA-UNITED STATES RELATIONS

NEED FOR A REASSESSMENT OF CANADA'S POSITION—DEBATE CONCLUDED

The Senate resumed from Wednesday, June 9, 1971, the adjourned debate on the inquiry of Hon. Mr. Manning, calling the attention of the Senate to the need for a reassessment of Canada's position in the matter of Canada-United States relations.

Hon. Daniel A. Lang: Honourable senators, at the outset I want to commend and congratulate most sincerely Senator Manning for introducing this inquiry. It not only serves a most useful purpose so far as this house is concerned but is, indeed, timely in view of the current trends in political thinking in our country. I wish also to compliment those other senators who followed Senator Manning; their contributions were of such breadth and depth as to make our discussion more meaningful.

This evening I should like to narrow the area of inquiry and deal specifically with the economic aspect of our relationship with the United States, which undoubtedly is the most pervasive subject-matter of the constant discourse between our two countries.

In these days we very often criticize the United States freely with regard to their economic policies, particularly as their economic interests impinge upon our own interest, but in that respect it might be advisable for us to take note of the biblical admonition:

> Thou hypocrite, cast out first the beam out of thine own eye, and then shalt thou see clearly to pull out the mote that is in thy brother's eye.

Honourable senators, to the end of limiting the inquiry to the economic area as far as my contribution is concerned, I should like first to direct your attention to some of our own economic weaknesses and to our own economic situation today vis-à-vis the rest of the developed western world. I think it is useful at this stage to remind ourselves that among the countries of the western industrial world Canada is today the least competitive country. This conclusion derives from figures produced and research done by the OECD.

If we take the United States as a standard of 100 today in terms of productivity, by comparison we rate 60. In terms of competitive abilities we in Canada today rank behind Germany, Japan, France, Australia, the United Kingdom, and Sweden.

It is also useful to remind ourselves that in terms of productivity we have been falling behind the United States continually since 1910 when figures pertinent to this subject were first published. In 1910 a worker in the United States produced $62 more of goods per year than his Canadian counterpart. Looking at the picture as of 1968, and using constant dollars, the same comparison shows that the worker in the United States produces $1,400 more of goods than his Canadian counterpart. In other words, from a $62 edge in 1910, the United States worker now has, in constant dollars, a $1,400 edge per annum.

On top of this, we enjoy—if I may use that word—the highest taxation levels of any of the developed western countries. Today taxation in Canada at federal, provincial and municipal levels takes up 38 per cent of our gross national product. Let us compare that 38 per cent with comparable figures for other countries.

For Japan the figure is 20.8 per cent; for Germany, 26.1 per cent, and for the United States, 28.3 per cent. For New Zealand, probably the most socialized country in the western world, the figure is 30 per cent. But, in Canada today we contribute, as I have said, 38 per cent of our gross national product in the form of taxation at all levels.

This heavy drain from our gross national product into the coffers of government is producing a shortage of venture capital, and this is hobbling us severely in our innovative skills, and hampering the development of technology in the industrial sector. I might add at this point that if the proposed Income Tax Act places a higher burden of taxation on the middle-income groups, we will suffer additionally because it is from this group, in fact, that one-third of all the capital available for industrial expansion is generated. So, if we tax this middle-income group more heavily, we restrict again our prospects of industrial expansion. Today an American

citizen has left to spend, out of each $100 earned and after taxation, $27 more per annum than has his Canadian counterpart.

There is another thing of which we could remind ourselves, and that is of all the western developed countries we are probably the least attractive to foreign investment, except in the exploitation of natural resources. Let me illustrate what I mean, again using 1968 figures. Of manufacturing firms in Canada with assets over $5 million, less than 25 in number made more than 8 per cent on their investment, and only three made a rate of return of over 12 per cent.

I would also remind honourable senators that between the years 1958 and 1967 we had one of the lowest rates of increase in gross national product in the western world. In Canada the average increase per annum was 4.7 per cent whereas in Japan the average increase per annum was 10.7 per cent; in Italy, 5.6 per cent; in France, 5.1 per cent, and in Denmark and the Netherlands, 5.0 per cent. As I said, during that period our average annual increase in GNP was 4.7 per cent. It is interesting to note that only the United States was lower than we were—just barely lower—with an average annual increase of 4.6 per cent.

It is, of course, wise to put this in perspective and to realize that the United States' annual increase in its gross national product is equivalent to 30 per cent of our total gross national product.

I might well be asked what these gloomy facts have to do with our relations with our neighbour to the south. I have mentioned them because I would hope that as a result of their mention we might experience a due sense of modesty before reappraisal.

We have set out in Canada today upon a crusade of economic nationalism; we have become involved once again in a preoccupation with the so-called evils of foreign business investment. Since United States investment forms such a large percentage of our total foreign investment, it follows that our concern with foreign investment becomes a concern largely with United States investment. I should say that this phenomenon is not a new one in our country; we have had a very long history of preoccupation with it.

An American, probably to his country's everlasting regret, made a statement during the days of the United States Civil War which provided us with a peg upon which to hang our hat of fear. I am referring, of course, to John O'Sullivan's famous statement:

> Our manifest destiny is to overspread the continent allotted by Providence for the free development of our yearly multiplying millions.

The ghosts of the War of 1812 stalked again and we are hearing nothing new today.

I suggest, honourable senators, that philosophically these attitudes based predominantly on fear have historically found expression in the Conservative Party. I am reminded of a story told by my father-in-law some years ago. As a young man he attended an election rally in a rural riding just north of Toronto where the local Conservative candidate had just been selected to contest the riding. The man was of somewhat inarticulate bent, and during the hush following his acclamation, he walked to the front of the platform with his hands behind his back, stood in front of his audience, pulled out two small Union Jacks and violently waved them. With that the audience burst into cheers, and he had assured himself of a victory during that election of 1911, and in which the day was carried under the banner of "No truck or trade with the Yankees".

However, now we are enjoying one rather unique political experience as we find at the same time this basically Conservative party philosophy being expressed in many other quarters, and most notably by the Left Wing element of the national New Democratic Party known as the Waffle Group. How to reconcile this ironic twist, we shall have to leave to the historians. We also find the same approach being espoused by a group, prominent among whose members is a former Liberal Cabinet minister.

Honourable senators, with this as background I should like to deal very briefly with some of the myths associated with our fear of foreign investment and promoted by our economic nationalists. The foremost myth being heard today is that Canada has an unduly high proportion of foreign ownership, that this proportion of foreign ownership is growing as a percentage of total ownership, and that we are faced with one takeover after another, particularly by United States interests.

It is interesting to note that during the years 1926 to 1930, 50 per cent of all new capital formations in Canada were created by foreign residents, largely from the United States. During the period 1950 to 1953 this figure had fallen from 50 per cent to 29 per cent of the total, and during the years 1953 to 1963 non-resident capital formations had fallen to 43 per cent of all capital formations. In other words, new non-resident capital formations in Canada have fallen from 50 per cent of the total in 1930, to 43 per cent in the period from 1953 to 1965.

It is also interesting to note that since 1945 new capital formations in Canada by non-residents have been created almost entirely out of retained earnings accumulated in the subsidiary Canadian operations. In the period from 1945 to 1961, one-eighth of non-resident capital formations in Canada—only one-eighth—was produced through foreign takeovers of domestic enterprises.

To pursue this same myth—namely, that we have an undue proportion of foreign ownership—let us look at some of the figures on U.S. investment in Canada. Latest figures show that total U.S. investment in Canada in petroleum and natural gas amounts to 58 per cent of the total; in manufacturing, 46 per cent of the total, and in mining, 43 per cent of the total.

These figures at first blush look rather damning, until we realize that they, when added to foreign investment in all other areas of Canadian economic activity, constitute only 21 per cent of the total capital stock of this country.

Another interesting fact concerns Canadian companies that are more than 50 per cent owned by non-residents. This includes again, not only United States ownership but other foreign ownership. However, by far the largest share would be American. Fourteen per cent is in construction, 31 per cent in wholesale trade, 21 per cent in retail trade, 20 per cent in services, 6 per cent in agriculture and fisheries, and 4 per cent in finance.

In 1968, of all the businesses in Canada, only 27 per cent were, in the full sense, controlled by foreigners. During the period from 1957 to 1966 there was, in fact, no overall increase in U.S. ownership of Canadian businesses.

Let us look at these figures. In that period, United States ownership in manufacturing went from 43 per cent to 46 per cent; in petroleum and natural gas it fell from 70 per cent down to 58 per cent; in mining, from 52 per cent to 53 per cent. In fact, today the total known U.S. investments in Canada, expressed as a percentage of all investment, is less than it was during the 1920s.

It is useful to remind ourselves that there is constant buying and selling between Canadian and United States interests. The Government supplies lists of foreign takeovers and admits that those lists are compiled from newspaper reports. However, the Government does not provide us with the number of acquisitions by Canadians of United States interests, and information concerning the expansion of our economic activity in that country. Just recently Bombardier of Quebec made one of the largest U.S. acquisitions, in terms of dollars, ever made by either United States or Canadian interests in the other country. Indeed, the Government has never to this date produced any study to ascertain what induces these purchases or sales, and which would enable us to take action to determine how to assist in one case or to deter in the other. I hope that the current study undertaken by the Government, and soon to be produced, may provide some of the answers.

Honourable senators, I suggest we are inclined to assume that there is nothing but minuses produced by foreign investment in our country. May I suggest that there are many pluses to foreign investment in this country? First, and on the whole, through it we enjoy increased improvement in the quality of our agents of production and greater efficiency in their use. We gain from economies of scale, and we gain new techniques, new access to foreign markets, and entrepreneurship. Foreign investment produces more tax revenues and, by and large, lower prices through new competition. We enjoy generally a better quality of goods and, very basically, through it, achieve an overall higher real wage rate. However, we hear only of what this foreign-controlled investment pays out of Canada in interest, dividends, royalties and fees. We hear very little of the positive contribution made by this investment to our economy. That is enough for myth No. 1.

I would like to turn to another prevalent myth, namely, that the inflow of money that comes with these U.S. companies is less than the outflow which passes from them to their foreign parents. I will only suggest to you that all studies indicate that this is not so. In all likelihood the reverse is true, namely, that the inflow exceeds the outflow. This is particularly so if one takes into account the exports generated by these companies for Canada and the imports that we would otherwise make and that they displace by production in Canada. Indeed, studies in the United States and the United Kingdom show that their companies operating abroad take a long time to recover the foreign exchange losses they initially create, if they ever in fact are recovered.

May I pass to what I term myth No. 3, namely, that the foreign-controlled companies in Canada, through the generation of profits here, are able to purchase further Canadian companies, and by so doing "our savings are being used to finance foreign takeovers." I suggest to you that these savings by foreign-controlled companies in Canada are no more ours than was the original foreign capital invested to generate those savings. These savings might well and properly have been paid out by these foreign subsidiaries in the form of dividends and to their foreign parents. Therefore, I suggest to you that it is quite false and misleading to say that re-investment of savings by foreign companies operating in Canada is financing takeovers with our own money. In this regard it is interesting to note that in the 1920s foreign business and portfolio investments combined received payouts in interest and dividends in total amounting to 2.9 per cent of Canadian GNP. During the past 15 years these payouts have dropped to 1.9 per cent of our total GNP.

Another myth currently touted is that the economic performance of foreign-owned firms in Canada is inferior to that of Canadian companies. Again, studies show that this is not so. What is more interesting is the fact unique to Canada that these foreign-owned companies perform at about the same level as Canadian-owned companies, or a shade better, except as to exports. In that regard, Canadian-owned companies are only somewhat more proficient than their counterparts. Uniquely, we seem to drag foreign-owned businesses down to our own level. I say that because this does not generally hold true with respect to United States firms operating in Europe.

I am reminded of a conversation I had several years ago during a flight from London to Belgium in connection with one of the NATO meetings. I noticed something familiar in the inflection of a gentleman next to me on the airplane. In reply to my inquiry he informed me that he was born in Montreal. I confirmed that he was a French Canadian by birth. He had been carrying on postgraduate work and teaching at a university in New York City and had studied at the London School of Economics during the previous years. I then inquired why he was on his way to Brussels. He advised he had been retained by the Belgian Government to conduct a study into the reason for the competitive inferiority of Belgian companies to American companies operating there.

That has not been our experience in Canada. American and other foreign companies operating here come down to our level of performance; they do not exceed their

domestic competitors as they do elsewhere. That fact should give us serious concern.

Why do we inhibit foreigners who operate in Canada? I suggest to you that we have in Canada today poor, if any, industrial policy. Our high tariffs inhibit foreigners who operate here. We have a poor policy on competition, an uncertain patchwork of tax policies and we provide only the most meagre of research facilities. Added to these disadvantages, competition amongst the various areas of Canada for resource development funds from abroad results in poor bargains for Canadians by and large, and inefficiency and loss in our tax revenue.

I will now pass to what I consider to be the final myth in this debate over economic nationalism. It is the current Canadian assumption that Canadian-owned companies in Canada will serve the public interest better than United States-controlled companies here. The fact and the truth is that neither Canadian nor U.S. companies serve the public interest. Let us be honest—they both serve their best private interests, which is only right and proper.

I would like to suggest that we have much more power over foreign investment in Canada right now than we credit ourselves with. We can make the rules under which it must operate; we have the power to tax. These companies operating in Canada are, in fact, vulnerable to us, not vice versa. I often ask myself: what hypocrisy do we exhibit as Canadians when we endorse the integration of a major industry with that of the United States, as we have done with the automobile pact, while on the other hand we provide every incentive or preventive to curb the integration of other industries including the publishing industry? I know, of course, that my honourable friends will say one lies in the realm of culture and the other lies in the realm of industry. I think we need to do a lot of thinking about where and how we mark distinctions between these various areas.

Of course, the criticism of foreign ownership in Canada does have a very legitimate basis when it questions the extraterritorial effect sometimes imposed through these entities. I feel this criticism in this area is legitimate. We all recall particular incidents such as the prohibition on the sale of trucks to communist countries such as China and Cuba, and we recall the extraterritorial effect of certain United States anti-trust decisions. If these are, in fact, infringements of our sovereignty, we should also be very concerned with the very real extraterritorial effect of the United Kingdom law on United Kingdom subsidiaries operating in Canada, which country in fact requires the repatriation of earnings from hard currency countries such as Canada. However, we never hear about this extraterritorial effect. We should also be concerned with the very real extraterritorial effect of French law on French subsidiaries operating in Canada, which is far greater than the impact of the United States in this field. However, because proportionately the United Kingdom and French interests in Canada are so much relatively smaller than those of the United States, we hear little or nothing of these effects.

I think also we should remind ourselves that this effect is not the result of business investment policies but is rather the result of a clash of national policies. We should remind ourselves that before the United States entered the last war we in Canada, through subsidiaries of ours operating in the United States, produced a very real extraterritorial effect then and curbed the sale of war materials from the United States to Germany. I merely mention this to demonstrate that this phenomenon is solely the result of a clash of national policies, it has nothing to do with business investment. Solutions must be worked out on a national basis between the respective governments of the countries concerned, not through the imposition of some economic ideology on the business community.

Honourable senators, I would like to ask you who are the beneficiaries in Canada of foreign investment? I am going to suggest to you that the beneficiaries are the labourers who gain employment, they are the labourers who gain higher wages, they are the tax collectors who find a new source of taxes, they are the consumers who find new goods, hopefully of better quality and at better prices. On the other hand, who are the losers from the introduction of foreign investment? I suggest that the losers are the domestic owners of competing businesses. It is the vested interests of capitalists who lose, and particularly those in Ontario. Accordingly, embargo on the importation of foreign business has historically been a plank of the Conservative party, and those policies have stood to gain for Ontario, but they lose, and lose severely, for the capital-short provinces east and west of Ontario. The NDP waffle group has still to face up to this dilemma.

Recently the Committee on Industrial Affairs and National Defence of the other place made a recommendation that 51 per cent of all Canadian industries should be owned by Canadians. This is an expression of what I would call the "Buy-back Canada" syndrome. It naïvely assumes that 51 per cent of any industry is control. It completely overlooks the fact that 49 per cent, or a far lesser percentage, will in fact control a company if the 51 per cent or larger is widely distributed. This would certainly be the case in the event of repurchase of these foreign interests. Diverting capital into such repurchase would, in my opinion, benefit only those who could afford to buy, and would compete with the need for the new capital that new enterprises require. To accomplish the same result through public action—that is through nationalization—would again consume the capital available for new enterprises. It should also be borne in mind that any industry is more than the sum total of its capital; it is also an aggregate of knowledge, experience and expertise that can be lost in these processes.

In essence, I am going to suggest to you that the economic nationalists today damage the lower income groups, they damage the less developed regions of our

country, and on most scores they contribute to the danger of national break-up.

If we really want to avoid or diminish foreign ownership we can easily accomplish this by lowering our tariffs and purchasing our goods abroad rather than having them manufactured here in Canada. But, of course, that is no answer. Rather, I suggest the more positive approach of increasing our skills in specialized areas of increasing the versatility of our financial institutions, including our banking system, of encouraging our entrepreneurial talent and our ability to invest in it.

Honourable senators, in conclusion, I suggest that, in general, we must take positive steps in Canada to increase our productivity. We must avoid the negative protectionism of the economic nationalists, and in so doing we will not only serve our own best interests but we will enhance our relationships with the United States in so doing.

Hon. Mr. Burchill: Honourable senators, I congratulate Senator Lang on the remarkable speech he has just made. He quoted some figures at the beginning of his speech, in comparing Canada's productivity to that of the United States. Those figures were extremely interesting. May I ask the source from which he obtained them?

Hon. Mr. Lang: The source is the Organization for Economic and Cultural Development (OECD).

Hon. Mr. Burchill: Thank you.

FOREIGN AFFAIRS

PROTOCOL ON CONSULTATIONS BETWEEN CANADA AND U.S.S.R. AND JOINT COMMUNIQUÉ ON VISIT TO SOVIET UNION BY PRIME MINISTER OF CANADA—DEBATE CONCLUDED

The Senate resumed from Thursday, June 3, the adjourned debate on the inquiry of Hon. Mr. Martin:

> That he will call the attention of the Senate to the Protocol done at Moscow, May 19, 1971, between Canada and the U.S.S.R. respecting consultations on important international problems of mutual interest and on questions of bilateral relations, tabled in the Senate on Tuesday, 25th May, 1971, and to the Joint Communiqué on the visit to the U.S.S.R. of the Prime Minister of Canada, tabled in the Senate on Tuesday, 1st June, 1971.

Hon. Paul Yuzyk: Honourable senators, in the debate on the Canada-U.S.S.R. Protocol in the Senate on June 3, I was strongly critical of the actions and certain statements of Prime Minister Trudeau. Among other points on which I took issue with him, honourable senators will recall that I condemned his comparison of the imprisoned Ukrainian intellectuals in Ukraine—who are legally struggling for the just rights and freedom of the Ukrainians but who were sentenced illegally and unconstitutionally in secret trials—on the same basis with the subversive and revolutionary FLQ. Several daily newspapers, including the Winnipeg *Free Press*, the Toronto *Star*, the Toronto *Globe and Mail*, the Windsor *Star*, and others likewise denounced this unjust comparison, and urged the Prime Minister to retract this statement as well as other aspersions. Letters and telegrams of protest from Ukrainian Canadian leaders, organizations and others poured into the Prime Minister's office. Demands for an apology, including my request for one, were not favourably received by the Government Leader in the Senate, who spoke after me and tried to justify Mr. Trudeau's stand.

In the meantime, the Prime Minister became aware that the situation was serious, and that perhaps he could be wrong. Accordingly, he invited for an interview to his office on June 7 the leaders of the Ukrainian Canadian Committee, the co-ordinating body of over 30 organizations, which in reality represent the vast majority of the over half-million Canadian citizens of Ukrainian descent in Canada, over 80 per cent of whom have been born in this country and this year are celebrating the 80th anniversary of their settlement. The delegation of the Ukrainian Canadian Committee, headed by the President, Monsignor Basil Kushnir of Winnipeg, presented a strong memorandum to Prime Minister Trudeau, part of which I want to put on the record in this chamber, as follows:

> The Ukrainian Canadian Committee urges the Prime Minister to correct the most unfortunate impression which his recent statements have created within the Ukrainian Canadian community, which has been deeply hurt by his failure to acknowledge the legitimate aspirations of the Ukrainian people. and by his comparison with the FLQ and the Ukrainian patriots struggling for the realization of the constitutional rights of the Ukrainian people.
>
> The Committee expresses its intention to continue to bring to the attention of the federal Government those matters which affect Ukrainians in Canada and particularly the injustices of Ukrainians who find themselves under the totalitarian rule of the Soviet Union.
>
> Firmly believing that this Government will uphold the well-established tradition of defending the cause of justice, that this Government will discharge its duty as a signatory of the Universal Declaration of Human Rights, and that this Government will respect the deeply-felt concern of its citizens regarding the status of rights of nationalities in the Soviet Union, the Committee submits that this Government use all peaceful means at its disposal in order:
>
> 1. To state to the United Nations and the government of the U.S.S.R. the objections of the Canadian people to the continuing abrogation of constitutional and fundamental human rights which is being perpetrated by the Soviet authorities against Ukrainians and other peoples who have peacefully expressed their concern for the well-being of their peoples and their cultures, and to press for speedy rectification of these injustices. We particularly request that the Canadian Government inquire into the present treatment of prisoners, such as Valentyn Moroz.

2. To protest and to press for speedy rectification of the abrogation of constitutional and fundamental human rights being perpetrated by the governments of the U.S.S.R. and the Ukrainian S.S.R. in their continued and relentless repression and persecution of Christians and Jews, particularly exemplified in the recent illegal imprisonment of the Primate of the Ukrainian Catholic Church in Ukraine, Archbishop Vasyl Velychkivskyj, together with numerous members of the clergy and faithful.

3. To protest the continued and relentless efforts of Soviet authorities to stultify the free development of Ukrainian culture and language, and the cultures and languages of other national minorities, in favour of an imposed Russian culture and language.

4. To request the removal of restrictions in the Soviet Union on the free flow of information, in all forms and in all languages, and in particular in the Ukrainian language, between the U.S.S.R. and Canada.

5. To protest the imposition of travel restrictions in the U.S.S.R. and Ukraine in particular, for Canadians who wish to visit relatives and friends and/or to pursue research and cultural development.

6. To press for the lifting of restrictions by the Governments of the U.S.S.R. and the Ukrainian S.S.R., on the emigration of their citizens, and particularly of their Ukrainian citizens.

7. To initiate efforts at establishing diplomatic relations with the Ukrainian S.S.R. and the establishment of a Canadian embassy in Kiev and consular offices in the cities of Lviv, Kharkiv, and Odessa.

The Ukrainian Canadian Committee reaffirms its offer to furnish additional evidence to corroborate the above-mentioned injustices. It is prepared to assist the efforts of the Canadian Government in implementing the above recommendations.

Hon. Sarto Fournier: May I put a question to the honourable senator, before he proceeds further?

Hon. Mr. Yuzyk: Certainly.

Hon. Mr. Fournier (De Lanaudière): As a senator, I would like to know from the honourable gentleman what were the exact words pronounced by the Prime Minister of Canada while he was in the U.S.S.R.?

Hon. Mr. Yuzyk: In the first speech I made in the Senate on this question, I quoted the exact words of the Right Honourable Mr. Trudeau, and I will refer to those words a little later.

Hon. Mr. Fournier (De Lanaudière): Very well.

Hon. Mr. Yuzyk: At that time I was away in Edmonton and the Northwest Territories with the Joint Parliamentary Committee on the Constitution of Canada, but I was hopeful that Mr. Trudeau would clarify the situation. I kept in mind Senator Martin's characterization of him which is found at page 1086 of *Debates of the Senate* for June 3, 1971. I see that Senator Martin is unfortunately not in the chamber tonight, but I now quote his words:

> We all know Mr. Trudeau. Everyone in Canada knows that he is a man of utmost frankness, who sometimes, to those of us who have been in politics a long time, is overly frank. That is his method, that is the technique; I think that is one of the reasons why people have such confidence in him. They know that he looks at all aspects of a problem, fearlessly.

Personally, I admire a man who is frank and even "overly frank", because I can be sure of his stand. I wondered what would be the outcome of this "utmost frankness" when he met the leaders of the Ukrainian group. Some of the headlines in the press after the meeting—such as "Trudeau apologizes to the Ukrainians" and "Trudeau makes peace with Ukrainians"—appeared to bear out this frankness, at least on the surface.

Careful reading of the Prime Minister's remarks to the press following the meeting with officials of the Ukrainian Canadian Committee throws a different light on the frankness. Here is his official reply regarding the controversial issue of comparing Ukraine Nationals with the FLQ, and I take this from a statement issued with the compliments of the Prime Minister. These are the answers the Prime Minister gave at that time:

> Well, I told them I was sorry if I hurt their feelings but I was rather sure that their feelings had been hurt by people who misrepresented what I said rather than by what I said in fact, and I read to them excerpts from my press statements and I think they are quite different from what they thought I said. So, on this ground, I don't like to hurt people's feelings but of course I can't be blamed for people who twist my words. What I did explain to them was that it is... Well, I read the quotes that I had said to you people of the press, that I wasn't comparing the two countries, that democracy in the Ukraine wasn't comparable to democracy in Canada, that any attempt to compare them was misleading, and therefore there was no attempt to put the FLQ on a parallel with the Ukrainian nationalists.
>
> Q. Do you intend on trying to help out in any way in getting the jailed intellectuals out of jail?
>
> A. What I told them is that on this and other like cases, our only chance of making any progress was by appealing on a humanitarian basis and not by demanding as of right or as by the constitution of the U.S.S.R. because the answer would be that they are able to apply their laws and their constitution without help from us. And I pointed out to them that this was a normal reaction we could expect from the Soviet Union, in the same way as we tell other countries who try to solve our constitutional and legal problems: "Look, stay out of it, we can do

it ourselves". Therefore, if there was any chance of making any progress on this, it would be by making appeal on a humanitarian basis, and I explained to them that I had made such appeals on reunification of families which concern a great many Ukrainians; I had made such appeals on the emigration of Jews which concern a great many Soviet citizens; that members of my party, like Walter Deakon, had raised the particular question of imprisoned intellectuals, and so on, but that we were making these representations as a country which wanted to have good relations with the Soviet Union, as a country which had many Ukrainian and Jewish Canadians who felt strongly on these and we were hoping that they would concede these things, once again, not as a matter of right but as a matter of good relations with Canada.

Q. Do you still compare the Federal system of Canada with that of the Soviet Union and do you see Quebec in the same light as you see the Ukraine?

A. No to both questions. You know, many Quebecers want us to put in the Constitution the right of self-determination; I shouldn't say many, but some Quebecers, which is...

Q. But the Ukraine is in the United Nations at the moment.

A. Yes, so what are you arguing, that the Ukraine is more independent from Moscow than Quebec is from Ottawa?

Q. Yes.

A. Well you don't know much about the Communist Party and the way that...

Q. (Inaudible)

A. Well, yes, of course it's in the Constitution that the Ukraine can exercise its right to self-determination. Why don't they?

Q. It's the same thing as Czechoslovakia—the Brezhnev doctrine.

A. Well, exactly. So the comparison is not right because the political apparatus in the Soviet Union can hold the country together even if the Constitution says it might fall apart. There is no comparison.

Q. Do you know who Valentin Moroz is now?

A. No, do you?

Q. Yes.

A. Good.

Well, what did all those remarkable remarks really mean? Was this an apology? For what? Apparently for "hurting people's feelings". It was certainly not an apology for making false comparisons and false statements, as was proven to him. Was this circumlocution and casuistry? Or was this one of Mr. Trudeau's fuddle-duddle exercises? Most leaders and people whom I have spoken to in Edmonton, Calgary, Yellowknife, Saskatoon, Winnipeg, Toronto, Montreal and Ottawa stated that the Prime Minister's clarification was evasion of the issues, and putting the blame on the press for misrepresentation.

The Globe and Mail editorial of June 9 entitled "Misinterpreted Again" tries to interpret the misinterpretation, and I quote:

> One of the more intriguing—and often distressing characteristics of Prime Minister Pierre Trudeau is what seems to be a complete inability to admit error. He may be misinterpreted, misquoted, misread, misunderstood, but never mistaken. The art of graceful retreat is one that he has yet to master.
>
> Mr. Trudeau was recently very strongly criticized when he explained that he had avoided raising with Soviet leaders the question of jailed Ukrainian nationalists because this might have brought the rejoinder: "Well, you know, why did you put in jail certain FLQ leaders? After all they think they are only fighting for the independence of Quebec."
>
> It is understood, of course, that Mr. Trudeau was paraphrasing a hypothetical point that might have been raised by the Russian leaders—although it is curious that he should have considered himself vulnerable to such a proposition. The main point at issue, however, was Mr. Trudeau's comment—

And this is a quote from the statement.

> "My position in the Soviet Union or in Canada is that anyone who breaks the law to assert his nationalism doesn't get too much sympathy from me."
>
> In other words, he is not prepared to make distinctions. His sympathies are reserved for those who remain within the law, no matter whose law it is or what shade of justice it defines.

I am still quoting from this editorial.

> Mr. Trudeau has told a delegation representing the Canadian Ukrainian Federation (Ukrainian Canadian Committee) he is sorry—sorry if their feelings had been hurt, that is. But, of course it was the fault of those ogres who are always out to make mischief.

And quoting Mr. Trudeau again:

> "I was rather sure their feelings had been hurt by people who misrepresented what I said rather than what I said in fact... So on this ground, of course, I don't like to hurt people's feelings but of course I can't be blamed for people who twist my words."

And the last paragraph of the editorial—

> What twisting? Which words? As we understand it, Mr. Trudeau made it plain enough that neither the Ukrainians nor the FLQ deserved his sympathy if they asserted their nationalism outside the law. Or are we still misrepresenting what he said?

If Prime Minister Trudeau does not want to recognize the grim facts evident under the Soviet totalitarian police regime, I am sure that we shall get nowhere by asking him to apologize for his apology. The people will be the judges of the justification of his stand.

Our paramount concern at all times in Canada, and particularly now when our nation is subjected to various stresses and stains, should be to cherish and uphold the freedom and democracy that have been won through the past generations. The Ukrainians and all the ethnic groups who have come to Canada from countries behind the Iron Curtain are ever conscious of the fact that the false propaganda followed by the military invasion of Soviet Russian communist dictatorship have destroyed the freedom and democracy of their people in the homeland. We must always guard against Soviet communist propaganda subtly engaged in undermining the democracy of the free countries of the world with whom we should always maintain a close alliance.

Canadians must be constantly vigilant in order to preserve our way of life. The defence of freedom, democracy, justice and honourable peace must always be the cornerstone of the Canadian foreign policy.

CANADIAN FILM INDUSTRY

FINANCING, DEVELOPMENT AND MARKETING—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(Honourable Senator Langlois).

Hon. Leopold Langlois: Stand until Tuesday, September 7.

Order stands.

FOREIGN AFFAIRS

PACIFIC AREA STUDY—PROGRESS REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(Honourable Senator Langlois).

Hon. Leopold Langlois: Stand until Tuesday, September 7.

Order stands.

BUSINESS OF THE SENATE

Hon. Mr. Haig: Honourable senators, before the motion is put to adjourn the house, I wish to call attention to the fact that the Standing Senate Committee on Transport and Communications will meet in Room 356-S immediately after the Senate rises tonight. It will give further consideration to the motion respecting the Trans-Alaska Pipeline.

Hon. Mr. McDonald: Honourable senators, may I remind you that the Standing Senate Committee on National Finance will meet tomorrow morning at 9.30 a.m., as will the Standing Senate Committee on Banking, Trade and Commerce.

The Senate adjourned until tomorrow at 2 p.m.

23351—78½

THE SENATE

Tuesday, June 29, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Report of the President of the National Research Council for the fiscal year ended March 31, 1971, pursuant to section 16(3) of the National Research Council Act, chapter 239, R.S.C., 1952, as amended 1966-67.

Report of the Army Benevolent Fund Board for the fiscal year ended March 31, 1971, pursuant to section 13 of the Army Benevolent Fund Act, chapter 10, R.S.C., 1952, including its accounts and financial statements certified by the Auditor General.

Report of the Canadian Radio-Television Commission for the fiscal year ended March 31, 1971, pursuant to section 31 of the Broadcasting Act, chapter 25, Statutes of Canada, 1967-68.

Copies of the text of a proposed Order in Council authorizing the issuance of a proclamation for the establishment of a Ministry of State for Urban Affairs, pursuant to sections 14 and 15 of the Ministries and Ministers of State Act, Part IV of chapter 42, Statutes of Canada, 1970-71.

FOREIGN AFFAIRS

FINAL REPORT OF COMMITTEE EXPENSES TABLED

Hon. John B. Aird, Chairman of the Standing Senate Committee on Foreign Affairs, tabled the final report of special expenses incurred by the committee in connection with its inquiry respecting the Caribbean area during the First and Second Sessions of the Twenty-eighth Parliament.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Mr. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-239, to amend the Prairie Grain Advance Payments Act, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Hazen Argue: Honourable senators, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

NORTHERN OIL AND GAS

GOVERNMENT TRANSPORTATION STUDY URGED—REPORT OF COMMITTEE ADOPTED

Hon. J. Campbell Haig, Chairman of the Standing Senate Committee on Transport and Communications reported that the committee had considered the subject matter of a motion respecting Trans-Alaska pipeline and tanker projects and reports as follows:

Your committee recommends:

That the Senate oppose the Trans-Alaska pipeline and tanker project and urge the Government to proceed with the various economical and ecological feasibility studies of alternate routes and to report from time to time upon the most appropriate steps that in the Government's opinion may from time to time be taken to accomplish the prudent and efficient transportation of northern oil and gas.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Haig: Honourable senators, I move, with leave of the Senate, that the report be taken into consideration now.

The Hon. the Speaker: Has the honourable Senator Haig leave to proceed with this motion?

Hon. Senators: Agreed.

Hon. Hazen Argue: Honourable senators, before the question is put I should like to say a few words. I am exceedingly pleased that the Senate has before it this unanimous report of the Standing Senate Committee on Transport and Communications, and I want to thank the members of that committee for their co-operation. At our first meeting we had great difficulty in getting a quorum. Last night, on behalf of the Whip, I did my best to organize a quorum for the committee meeting when the house rose, and we had a wonderful attendance. My only problem was that I was on the telephone at the time and did not hear the bell, so I missed the committee, which produced a very good motion without my presence.

I should like to say a few words at this time, because I think this is an important occasion for the Senate and for Canada. I am confident that today will mark a major milestone in Canadian parliamentary action. I trust that the Senate of Canada will unanimously support the report now before us opposing the Trans-Alaska pipeline, just as the other place last Wednesday unanimously sup-

ported the report of its Special Committee on Environmental Pollution.

If the roles were reversed it would be as though the United States Senate, the United States House of Representatives and the President and his cabinet unanimously asked Canada not to take an action that would endanger and ruin the American coastline but to use instead some other alternative safer method. I am sure that in light of such a unanimous request Canada would comply.

I hope that in light of this unanimous opposition by the Senate, the House of Commons and the Canadian Government, President Nixon and his administration will abandon the proposed Valdez Seattle Tanker route.

Why should the United States ship its oil through the Straits of Georgia and Juan de Fuca when it will inevitably result in oil spills and the destruction of hundreds of miles of Canada's coastline?

Canada is a nation of 20 million alongside the giant United States, a nation of 200 million. If the United States proceeds with this proposed route without consideration for Canada and the damage to our coastline and our environment, it will, I am convinced, fly in the face of world opinion. It will bring discredit to itself amongst the international community. If it proceeds with this proposed grave mistake, against the wishes and interest of its small peaceful neighbour Canada, it will have adopted a ruthless, illogical course that will damage its own prestige, reduce its good will and influence among the nations of the world, and make it necessary for a future administration to reverse this tragic error.

This is a unique day for Parliament. This discussion in the Senate follows the unanimous adoption last Wednesday of the report of the House of Commons Special Committee on Environmental Pollution which states:

> —your committee concludes that the proposed tanker route is detrimental to the Canadian national interest, and unanimously recommends that it be vigorously opposed by the Canadian Government.

Mr. David Anderson, M.P., Chairman of the Commons Committee, showed courage, ability and initiative in taking the case against the pipeline to Washington, in speaking out frankly in face of opposition within his own party, and finally in bringing in a report that received the unanimous support of the House of Commons.

In a sense there has been a parallel in the Senate. I moved the original resolution, seconded by Senator J. M. Macdonald (Cape Breton), on April 1. There was considerable support in the debate. However, Senator Langlois, as Deputy Leader in the Senate, moved that this motion be not read a second time but that the subject matter be sent to the Standing Senate Committee on Transport and Communications. I feared that this was a move to kill the resolution. I opposed the amendment, as did fifteen other senators. However, witnesses called before the committee supported the substance of the motion and opposed the pipeline. A proposed star witness, the Honourable Mitchell Sharp, who it was rumoured would enter serious reservations, reportedly changed his mind and declined to appear. Happily, he was in the House of Commons on Wednesday last when the report of the Commons committee was carried unanimously.

As was intimated to me by one of the witnesses before our committee, the Senate motion has two advantages over the Commons action. First, it not only opposes the Trans-Alaska pipeline and tanker project but proposes action toward an acceptable alternate route. Secondly, a motion passed by the Senate of Canada will carry a major political wallop in the United States where its Senate plays such a powerful role.

Honourable senators, in adopting this motion the Senate of Canada is taking the correct step. As one who has had the good fortune to travel to the United States often, to meet with many of the American congressional leaders, and as one who realizes the powerful influence of anti-pollution groups in the United States, I personally am confident that this proposed pipeline route will be abandoned and that our good normal relations with the United States will continue undisturbed.

Motion agreed to.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Wednesday, June 30, 1971, at 11 o'clock in the forenoon.

Perhaps a word of explanation would be helpful. It is my hope that this afternoon we can clean up all the work that is before the Senate at the moment. However, there is a possibility that one or more bills, particularly the Judges Act, may come to us from the other place late tonight, in which event it would be wise for us to meet at 11 o'clock tomorrow morning.

Hon. Mr. Flynn: Do you know whether it is the intention to have royal assent before one o'clock tomorrow, as originally planned?

Hon. Mr. McDonald: The only information I have at the moment is that if it is possible for the Senate to get the bills I have alluded to in time, we could adjourn as originally planned. However, it is more likely that we will have royal assent later tomorrow afternoon at approximately five or six o'clock.

Hon. Mr. Flynn: Does the Deputy Leader know what the intention of the other place is so far as adjournment is concerned? Do they intend to adjourn tomorrow at noon? I had heard that they wanted to conclude at approximately one p.m.

Hon. Mr. McDonald: That was the original plan, but it was hoped at that time that the legislation I have referred to would be before the Senate today. As that is not the case, I doubt that either the House of Commons or the Senate will be able to complete their work until some time later tomorrow afternoon.

Hon. Mr. Flynn: Do I understand that the budget debate in the other place is to be concluded before one

o'clock tomorrow and that there is the possibility that the house will sit in the afternoon to deal with the Judges Act or any other legislation before it?

Hon. Mr. McDonald: It is my understanding that there are two hours today for government business and that, if the government business can be concluded in that period of time and can be sent to this chamber, then we might well finish our work tomorrow at two o'clock. However, if the work of the house as planned for before the recess is not completed during those two hours this afternoon, there is a possibility that they will go back into government business tomorrow at about 2 o'clock.

Hon. Mr. Flynn: Thank you.

Motion agreed to.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

GENERAL CONFERENCE AT KUALA LUMPUR

Hon. Allister Grosart: Honourable senators, yesterday I gave notice with leave that today I would draw the attention of the Senate to the agenda for the Commonwealth Parliamentary Association Annual Conference which will be meeting in Kuala Lumpur, Malaysia, September 3 to 18, 1971. The names of the Canadian delegation to that conference are as follows; Honourable G. McIlraith, Senator Donald Cameron, Mr. T. C. Douglas, M.P., Mr. Romuald Rodrigue, M.P., Mr. Robert C. Coates, M.P., Mr. Joseph-Philippe Guay, M.P., and myself. With leave of the Senate I would ask that the agenda for this conference, which is quite short, be appended to our proceedings for today.

The Hon. the Speaker: Honourable senators, is it agreed that this agenda be appended to today's proceedings.

Hon. Senators: Agreed.

(*For text of agenda see Appendix p. 1236*)

COPYRIGHT ACT

BILL TO AMEND—THIRD READING

Hon. A. Hamilton McDonald moved the third reading of Bill S-9, to amend the Copyright Act.

Hon. Daniel A. Lang: Honourable senators, before the question is put I should like to address myself briefly to this bill. At the outset, I must say I am neither for nor against it, but I am rather concerned about the effect it is having on the functions of the Senate. To be frank, honourable senators, I feel that in connection with this bill I am being called upon to perform a function which I had never considered to be within the ambit of my duties as a senator. Let me explain very briefly what I mean.

The subject of this bill, on which I intend to say absolutely nothing, is highly technical. When the dust finally settled after weeks of committee hearings I think many honourable senators on the committee, like myself, felt that what we were really witnessing was a fight between two private interests with little, if any, public interest involved.

Hon. Mr. Benidickson: What are those interests?

Hon. Mr. Lang: On the one hand we had the manufacturers of recordings and on the other we had the radio broadcasters. Into this contest between these private interests the minister injected himself by the introduction of this piece of legislation, and came down firmly on the side of the broadcasters. During the committee stage we were faced with the rather unusual situation—a quasi-judicial situation—in which we were being called upon to act as a court in deciding between the interests of these two parties. In this more anomalous situation one party was represented by the minister, and the other by counsel from Montreal. We have here quite a kettle of fish. The executive functions of the minister are mixed up with the legislative functions of the Senate in trying to perform a judicial function. We are not constituted to perform a judicial function.

This has left me, as it has other honourable senators, with a great deal of hesitancy about supporting, or even opposing, this bill. I would not like to see the bill passed today in a perfunctory manner. If there are honourable senators who can assist in removing the dilemma in which the committee found itself in view of the nature of the proceedings, perhaps they will contribute to the debate. I do not know whether the bill, if it is passed today, will go through the other place before we adjourn, but unless there are reasons why we should deal with it today, perhaps the debate could be adjourned until we return next fall.

I have no particular feelings on that matter, and I hope that other honourable senators will contribute to the discussion.

Hon. Mrs. Casgrain: I should like to support Senator Lang in what he has said. In order to make it clearer, perhaps it would be better if we have an opportunity to study the bill a little longer. I have no special interest one side or the other. I will not be here in September, but I am sure that the Senate will deal wisely with what is contained in the bill.

Hon. Alan Macnaughton: Like Senator Lang, I have no interest one side or the other. I have tried to follow the discussion on the bill both today and in committee. Senator Lang—or perhaps it was another honourable senator—mentioned that in one of its reports the Economic Council of Canada referred to the matter under discussion.

At one time, when the bill was before the committee, there was a question of whether we should call a witness from the Economic Council of Canada. I think it was the minister himself who made the suggestion. In any event, I find it rather a strange function to try to determine between two contesting corporations. I do not think that is our function. There also seems to be the smell of retroactive legislation in this proposed bill.

Basing myself on the general principle, which I think is very sound, that where there exists a real doubt the

debate should be kept open, I should like to ask the Senate to consider that we adjourn the debate until the month of September. I so move.

The Hon. the Speaker: I will first put the question and then honourable senators may, if they wish, speak to the motion.

Hon. Jacques Flynn: I would like it to be clear that we can debate the motion, because normally a motion to adjourn is not debatable. If it is agreed that we can debate the motion, I have no objection.

Hon. Mr. McDonald: His Honour the Speaker may wish to put the question before we debate the motion, but on the understanding that we can debate it.

The Hon. the Speaker: Is there agreement that the motion can be debated?

Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by honourable Senator Macnaughton, seconded by honourable Senator Hays, that this debate be adjourned until September 7. Is it your pleasure to adopt the motion?

Hon. Mr. McDonald: I think this is the strangest procedure that I have ever heard proposed. Here we have a situation where a Government bill has been introduced in the Senate. It has taken its normal course in that it received first and second reading and was sent to committee, and the committee reported the bill back to the house without amendment.

Whether or not this chamber has been asked to mediate between two private parties is not a fit question, I submit. This bill has passed through its normal course. It is before the house for third reading, and I think that third reading should be proceeded with now.

Some Hon. Senators: Hear, hear.

Hon. Mr. McDonald: There is no reason to delay the bill until September. I wish to repeat that the committee unanimously recommended that the bill should be reported to the house without amendment. Apparently the members of the committee, of which I am not a member, were satisfied to report the bill without amendment. I think it is our responsibility to proceed with third reading today. As a matter of fact, the bill was introduced on Friday, December 18. Surely that has given sufficient time for the 102 members of this chamber to make up their minds?

Hon. Mr. Choquette: There are not 102 members here now.

Hon. Mr. McDonald: I would ask the house to proceed with third reading now, otherwise it will interfere with our summer recess. I do not think that even a minority of honourable senators would be in favour of that.

Hon. Mr. Flynn: I cannot see how it would interfere with the summer recess. Would the Deputy Leader of the Government indicate how?

Hon. Mr. McDonald: The summer recess would be shorter.

Hon. Mr. Flynn: In what way?

Hon. Mr. McDonald: If we are able to clear up all the business now before us, our summer recess will be of a certain duration. If not, we will return at an earlier date.

Hon. Mr. Flynn: I suggest that this is not true, because this bill, to become law, would have to go through the House of Commons. Our voting on it on September 7 or September 14 would make no difference because it would not go through the other place until mid or late September anyway. I suggest there is subtle blackmail in that last remark, and I for one do not accept it.

Hon. Mr. McDonald: If any honourable senator thinks that I am attempting to blackmail the Senate, he is badly mistaken. I have made the statement, and it is the truth, that if we are able to clear up all the work that is before us before we adjourn for the summer recess, then we will return on a certain date. If not, we will return on an earlier date. These are the instructions that I have been given, and I must follow them.

Hon. Mr. Flynn: If the Deputy Leader says that those are the instructions he received, then we would very well understand. We would probably be more convinced than with the insinuation that we might have to come back at an earlier date.

Hon. John J. Connolly: I am not the least bit concerned about the length of the summer adjournment, and, for the benefit of the Deputy Leader and the Leader of the Opposition, I am sure that none of us are. However, on the question of the amendment to the motion for third reading, I think there should be some clarification given.

I think that I attended all of the meetings of the committee which studied this bill. The last committee session was attended by the minister who, in the course of his remarks, suggested that it might be appropriate for the committee to summon someone from the Economic Council of Canada on the question of whether the proposed measure was in the public interest. I for one would have been happy indeed to hear the experts or representatives of the Economic Council and said so during the course of the committee hearings. However, I was conscious of the over-riding view which prevailed in the committee that we had heard all the evidence and knew what the case was on both sides, as Senator Lang has described it. The opinion was that it was for us to decide whether the bill was in the public interest. Because of that I think that honourable senators on the committee felt that the bill should be reported without amendment, and it was so reported.

Hon. Mr. Flynn: On division.

Hon. Mr. Connolly (Ottawa West): If we are to adjourn this debate until September, I suggest that a motion at that time might well be required to return the bill to the committee. Without being the least bit invidious, I think the majority of the committee members felt that the bill

had received ample consideration and they were anxious to have it reported.

In view of these circumstances, I am rather of the opinion that we would serve ourselves well if we were to allow third reading to proceed at this time. I think that is the reasonable thing to do.

Hon. J. Harper Prowse: Honourable senators, I rise on a point of order. It seems to me that to move that the bill be read the third time on some future occasion, and particularly on a rather distant future occasion, is nothing more than putting it over for six months, which is a way of killing the bill. If further consideration is required a motion must be taken in committee. If there were before us a motion that the bill be not now read the third time, but that it be returned to the committee for further consideration then, with all respect, that motion should be agreed to.

The Hon. the Speaker: The proceedings as they have developed are perfectly in order. There was a motion for the third reading of the bill, following which, of course, there could be a debate. That debate began with the speech of the honourable Senator Lang, followed by the honourable Senator Macnaughton. After giving some explanations, Senator Macnaughton moved that this debate be adjourned until September 7 next. We are now faced with a motion to adjourn the debate.

Hon. Mr. Prowse: Honourable senators, I rise on a point of privilege, and not to debate the motion. It was agreed that there should be a motion for third reading, on which honourable senators may vote as they please. Now we have a motion to adjourn consideration of the bill which, if agreed to, will effectively kill it.

Hon. Mr. Flynn: No.

Hon. Mr. Prowse: I submit that we should have before us a motion to refer the bill back to committee. To adjourn consideration, when everyone has the necessary information, negates the work that has been done.

Hon. Allister Grosart: Honourable senators, I find myself in the position of being in favour of third reading being given to this Government bill today. On the matter of the suggested delay, as Senator Connolly (Ottawa West) referred to it, although I find myself in agreement with his remarks otherwise I do not agree with his statement that the minister suggested that the question of the public interest in the bill might be considered, and that we hear witnesses from the Economic Council. With respect, that was not, as I heard it, the suggestion of the minister. A specific question arose as to the nature of the property right in copyright. The Economic Council of Canada had reported on that particular point. The minister suggested that the committee might wish to hear representatives of the Economic Council. A motion that those witnesses be called was defeated by a vote of seven to three. The committee also voted to report the bill without amendment.

Senator Lang is convinced that this is merely an intrusion by the Government into a dispute between two commercial interests. Again with respect, that is not a fair interpretation of this bill. The minister made it clear that there were broad principles involved. One was the principle of the whole revision of the Copyright Act. One of the very good reasons he gave was that the revision of the Copyyright Act should be *in toto*, not on a piecemeal basis.

Hon. Mr. Flynn: As is done by this bill.

Hon. Mr. Grosart: That was the point he made. I would not agree that this is in that category, but that is another argument.

It is not only the interest of the radio broadcasters and record manufacturers that are involved. It so happens that the major interests involved are those of the authors and composers of music in Canada. At the moment they have the exclusive right to the performing rights in practice. The purpose of this bill is to reserve that exclusive right, which is their main source of living, to the original owners of the copyright under the Copyright Act.

A third point made by the minister, which I mention to indicate there is a principle involved, was that the rights sought by the group of record companies are not granted to record companies in the United States. The minister made the point very strongly that we should not grant rights to record companies in Canada, the majority of whom are American, to collect certain fees in Canada and export the bulk of them, although there were assurances that this would not happen. Under United States law they cannot collect such fees in the United States.

Those are some indications of the principles involved, which take this bill far beyond the narrow scope suggested by Senator Lang. I have to admit that the antagonists and protagonists who appeared before the committee largely represented these two interests. However, the minister made it very clear that a much larger principle was involved.

Hon. Mr. Flynn: Honourable senators, I am very happy that Senator Grosart has indicated how difficult the problem posed by this bill is by saying that not only the interests of record manufacturers are involved, but the interests of many others. However, I do not wish to go into this, because we do not have the report of the committee before us. If we had the report of the committee, all honourable senators would be able to assess the situation and would discover that other people are very much interested in it, namely, the performers, who presently have no rights, except that they are indirectly protected by the rights given to record manufacturers. I suggest to Senator Grosart that this is a much larger group than that of the composers or authors.

What was made quite clear in the committee is that the Copyright Act should be overhauled in its entirety and not refashioned in a piecemeal way, as is the case with this legislation. We are not able to make a definite judgment, and that is why I am uneasy about this bill, and why I feel, like Senator Lang, that we are not really in a position to deal with it at this time. We will be asking

the Senate to adopt a bill without having read the evidence adduced before the committee.

The proposal is to adjourn the debate until September 7 or 14, whatever the date is. What is the difference between that proposal and my adjourning the debate in the normal course of events? If I were to adjourn it for two months, nothing could happen until we came back. If we could pursue the debate in the normal fashion, if we could have tomorrow to debate third reading and make a motion to refer the bill back to committee to hear witnesses from the Economic Council of Canada, as was moved in committee, this would be a normal thing for the committee to consider. It is suggested that for the Senate to consider such a motion today at the end of the session, when the membership of the Senate is not aware that such a debate is to take place, is unfair to the whole Senate. If the Senate wants to push the bill through, that is all very well.

I will not make the motion today, but under normal circumstances I would move that the bill be referred back to the Standing Senate Committee on Banking, Trade and Commerce to hear witnesses from the Economic Council of Canada. This motion was made in committee but was defeated, as was indicated by Senator Grosart, by seven votes to three. I was not there, or it would have been at least seven votes to four. I wanted to hear from the Economic Council, which indicated that it had doubts about the conclusions that had been arrived at to remove this right, if there is one, in favour of the record manufacturers.

I assure honourable senators that I am more worried about the rights of performers than about the record manufacturers' rights in this instance. That is why I suggest that no damage will result if we wait until September 7 or 14. It is no different from my adjourning the debate now. Normally the Senate would never refuse anyone permission to adjourn a debate if there was no prejudice, and there is no prejudice involved here. Nobody can prove to me that there is any prejudice in adjourning the debate today, when we know that the other place will not be able to deal with this bill before it comes back. We may take a decision on either September 7, if that is the penalty we have to pay for refusing to give third reading today, or September 14, if that is the date envisaged by the Deputy Leader of the Government (Hon. Mr. MacDonald) as the date on which we are to return. No prejudice will result if we do that. We could possibly be given a different opinion by the Senate under those circumstances than we would be given today.

I therefore appeal to the Deputy Leader of the Government to consider what Senator Lang has suggested and what Senator Macnaughton has moved, which is merely to adjourn the debate, as we do in the normal course of events. Adjournment in those circumstances is always granted, and there is nothing resembling anything like a six-month hoist in these circumstances.

We merely want the Senate, on third reading of a very controversial matter, to be able to give its informed opinion. To deny this adjournment is to deny the Senate an opportunity to express itself normally as it would under ordinary circumstances.

Hon. Harry Hays: Honourable senators, I attended most meetings of the committee dealing with Bill S-9. It seems to me, with great respect to the Leader of the Opposition (Hon. Mr. Flynn), that there is some urgency. The law as it stands has been in effect since 1919. As I understood the minister, until 1966 or 1968 the record companies had not seen fit to exercise the provisions of the act. As I understand it, part of the reason we have this bill is that these companies have now decided to exercise the right of receiving royalties on records sold to and used by broadcasters.

The minister suggested that he would have liked to overhaul the whole Copyright Act, but this was not possible. He thought it might be a year and a half or two years before this could be done. In the meantime, Bill S-9 was introduced by the Government. In 1919 there was no problem as there is today over records being played by broadcasting stations. If I understood the minister correctly, he had spoken to the record manufacturers and they were not going to exercise this right. There was some indication in his evidence that now they intended to, hence Bill S-9.

I am not a lawyer and speak only as a layman, but I think the real issue is that we are dealing here with a principle. All acts are changed from time to time. The big difference from what was taking place in 1919, when there was no problem with broadcasting stations, is that now the record companies want their royalty or a piece of the action on the stamping of records and selling them. It seems to me that there is some urgency, and possibly this bill could be passed tomorrow.

Hon. Mr. Flynn: In the other place?

Hon. Mr. Hays: I do not know.

Hon. Mr. Flynn: Of course you do not know. It is impossible.

Hon. Mr. Hays: If the bill passes the Senate I do not think the record companies would exercise this right. It would be a strong indication to them how at least this house felt. I believe there is some urgency. I hope the bill, which has been to the committee, where we heard all the evidence from anyone who wanted to come before us, will receive third reading today.

Hon. Mr. Flynn: It has a retroactive effect to January 1, 1971, so the urgency the honourable senator speaks of does not exist.

Hon. W. M. Benidickson: Honourable senators, I feel that a postponement of action by the Senate until a date in September is undesirable. This bill has been with us for a long time. We often plead with the Government to give us more legislation to be introduced in the Senate. Whether we come back on September 7 or 14 does not influence my view as to whether we should have third reading now. However, I recall that last year, after the summer adjournment, the House of Commons met for only two or three days and then concluded that session.

If we do not give third reading to this bill now, and if the House of Commons does not get it from us, they might not have time to deal with it if they meet for only a few days in September in this session. This would mean the bill would have to be reintroduced in a subsequent session.

This morning I attempted to find out the intention of the other place with respect to the duration of the session, but I have not been able to get any information. If the same procedure is adopted as was used last year, all our efforts on this bill in this session will be of no avail.

Hon. Mr. Flynn: As a senator who sat in the other place for many more years than I, Senator Benidickson must know that the legislative program will be left in abeyance during the summer recess. Even if this bill were passed here now, it would certainly be at the bottom of the government list of priorities.

Hon. Mr. Burchill: Honourable senators, all the arguments have been put forward. I rise to make a plea to the Leader of the Opposition not to ask us, particularly laymen, to go back to that committee on a bill of this kind. We have listened for weeks to the eloquence on this bill, and we are sick and tired of it.

The committee formed their opinion, they voted on it and sent it back to the house. Please do not send it back to the committee again.

Hon. Mr. Flynn: I did not say we would do that.

Hon. Mr. Choquette: This is an argument we have heard already.

Hon. Mr. McDonald: Honourable senators, I would thank all those who have taken part in the discussion this afternoon. The Leader of the Opposition says that we cannot get a true opinion of the Senate today, but I cannot agree with that statement. This bill was introduced into this chamber on December 18 last. It has taken its normal course in the house. The committee completed its studies about a week ago. Third reading could have been proceeded with at a much earlier date, had people been prepared to go ahead with it. Why it was not proceeded with, I do not know. It was not my desire to ask for third reading immediately following the committee report, in case honourable senators wished to study the question.

As many senators have said, I believe we could dispose of this bill and send it to the other place. What they do with it is their business. As Senator Benidickson has said, there is a possibility that, if they follow the same pattern as last year, we would find ourselves dealing with first reading of a new bill here in a subsequent session. I do not think any of us wish that to happen. My plea is that we take this vote, that each senator stand in his place and vote according to his best judgment.

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Macnaughton, P.C., seconded by Honourable Senator Hays, P.C.—

Some Hon. Senators: Oh, oh!

[Hon. Mr. Benidickson.]

The Hon. the Speaker: I remind honourable senators that when an honourable senator makes a motion and does not mention a seconder, it is the custom to choose one from those near the mover. Of course, this does not prevent such a seconder from voting against the motion.

It is moved by Senator Macnaughton, P.C., seconded by Senator Hays, P.C., that the debate on the motion for the third reading of this bill be adjourned until September 7 next. Is it your pleasure honourable senators to adopt Senator Macnaughton's motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: As there is uncertainty of opinion, I have to call for "yeas" and "nays". Those in favour of honourable Senator Macnaughton's motion for the adjournment of the debate will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those against honourable Senator Macnaughton's motion will please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Motion of Hon. Mr. Macnaughton that the debate be adjourned negatived on the following division:

YEAS

Honourable Senators

Belisle	Lang
Casgrain	Macdonald
Choquette	Macnaughton
Flynn	O'Leary
Forsey	Phillips
Fournier	White
(Madawaska-Restigouche)	Yuzyk—13.

NAYS

Honourable Senators

Aird	Fournier
Argue	(De Lanaudière)
Beaubien	Giguère
Benidickson	Grosart
Boucher	Haig
Bourque	Hays
Burchill	Inman
Connolly	Kickham
(Ottawa West)	Kinnear
Cook	Lafond
Croll	Laird
Denis	Lefrançois
Duggan	McDonald
Eudes	McElman
Everett	McGrand
Fergusson	Michaud

Honourable Senators

Nichol	Prowse
Paterson	Robichaud
Petten	Smith—36.

The Hon. the Speaker: Honourable senators, I declare that the motion to adjourn the debate is lost.

Motion agreed to and bill read third time and passed, on division.

POST OFFICE ACT

BILL TO AMEND—THIRD READING

Hon. Azellus Denis moved the third reading of Bill C-240, to amend the Post Office Act.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 11 a.m.

APPENDIX

(*See p. 1230*)

COMMONWEALTH PARLIAMENTARY CONFERENCE

KUALA LUMPUR 1971

AGENDA

		Opener from
Plenary	THE COMMONWEALTH AND PROBLEMS OF WORLD SECURITY	
3 Sessions	(*a*) South-East Asia and the Indian Ocean: Security and Neutrality	MALAYSIA
	(*b*) Impact on the Commonwealth of recent events in Southern Africa and the rest of Africa	KENYA
	(*c*) West Asia (the Middle East) and the Mediterranean	UNITED KINGDOM
In Committee	CHALLENGES TO PARLIAMENTARY DEMOCRACY	
3 Sessions	(*a*) Military Coups and Revolutionary movements	CEYLON
	(*b*) The freedom of the individual, human rights, and the authority of Government in a Parliamentary democracy	AUSTRALIA
	(*c*) Relationship between Parliament, Ministers, and Civil Servants	
	(*d*) Strengthening the Parliament system in developing countries	INDIA
In Committee	ECONOMIC DEVELOPMENT	
3 Sessions	(*a*) Britain and the EEC	NEW ZEALAND
	(*b*) Problems of countries of the Commonwealth affected by Britain's entry into the EEC	
	(*c*) Terms of trade between developed and developing countries	GUYANA
	(*d*) Commonwealth self-help: Aid and capital flow	
	(*e*) Promotion of tourism in the Commonwealth	JAMAICA
Plenary	PROBLEMS OF THE ENVIRONMENT	
2 Sessions	(*a*) Preservation of endangered wildlife	CANADA
	(*b*) Pollution and control	
	(*c*) Population growth	MAURITIUS
	(*d*) Urbanization	

Total: 11 Sessions

THE SENATE

Wednesday, June 30, 1971

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

[*Translation*]

HON. THÉRÈSE CASGRAIN

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Jacques Flynn: Honourable senators, since we are to adjourn today until September, we must assume that our colleague Senator Thérèse Casgrain, who will be reaching compulsory retirement age on July 10 next, is with us today for the last time.

That is a sad thought for all of us, and, for me personally, a melancholy one. We all had commended the Prime Minister's decision last year to appoint her to the Senate; we have now been made aware of the fact that the Senate would have been much better off had this decision been taken much earlier. We, however, have the consolation of telling our colleague that rarely if ever in the history of the Senate has such a substantial contribution been made in so little time.

Senator Casgrain immediately commanded the attention of her colleagues by her outstanding intellectual and moral qualities, by her strong personality, by her exceptional charm and by her tactful powers of persuasion.

One must admit that she brought with her a rather unique experience, that of having been born into a family that was conservative both in spirit and in politics, of having married a man who, for many years, was a Liberal member of Parliament and a minister, and then of having been a distinguished militant within the CCF or New Democratic party, and furthermore of having always taken an interest in the promotion of women's rights by fighting against the discrimination of which women have been and continue to be the object both legally and socially.

I could also mention the many organizations to which she has always given her support, charitable, educational, social and philanthropic. That would take too much time and would be superfluous, because any one who has had the opportunity of conversing with our colleague, who has, in some measure, been able to follow her career, knows that she is the prototype of the model citizen who is aware of his responsibilities to society.

The senator will have noted that I have used the masculine gender here, not only because it includes the feminine one, but also to let her know that I accept the idea that there should be no discrimination against women.

I know that Senator Casgrain is sorry to go because she liked to work with us, she had become used to our customs and she was now experienced in our methods, thus being able to make full use of her talents.

She can be assured that we will remember for a long time her too short stay among us, because it has been extremely valuable to the Senate. I do not recall who suggested that we should create the Order of Senators Emeritus, thus enabling our former colleagues to join us at times and to have the right if not to take part in our debates at least in some of our activities. Your departure, Senator Casgrain, is an argument in favour of that suggestion.

However, we hope that you will come back to visit us as often as the circumstances will permit. You will always be greeted with great enthusiasm and affection.

[*English*]

Honourable senators, Senator Quart is unavoidably absent today attending the marriage of another grandson. She wanted to speak about Senator Casgrain and has left me a message, which I will now read:

> It has always been a privilege and a pleasure to have worked with Senator Casgrain over the years, particularly for votes and rights for the women of the Province of Quebec.
>
> As you all know, Senator Casgrain is one of the most famous women of La Belle Province—and I could add, in Canada.
>
> Senator Casgrain was always ready to lend her prestige and her help to causes she believed in. To her, idleness and life were incompatible; there was work to be done, challenges to be met, battles to be waged, people to be helped. To all these causes she has devoted her life. Even her political opponents expressed appreciation of her character and achievements.
>
> Senator Casgrain is blessed with an almost incredible vitality. She has strong qualities of mind and a natural charm. But her friends agree it was her heart that essentially ruled her life and her actions—and through it she was able to transcend all borders of language and nationality to win a warm response from the citizens of her native province.
>
> Her life has had several very distinct phases, and she never failed to see the humorous side of the dilemmas into which at times she was thrust by circumstances.
>
> Her great popularity could have tempted her to indulge in the sin of pride—but she remained unchanged and unchangeable, with that gift of forth-

rightness of calling a spade a spade and a shovel a shovel.

May I join with my honourable colleagues in expressions of regret that Senator Casgrain must say "Au revoir" to us. She will be remembered with affection—and I wish her health and happiness to continue her career and go on to future triumphs.

[*Translation*]

In conclusion, I will tell her on behalf of all the members on this side of the Senate: We extend to you our best wishes knowing that your retirement from the Senate does not mean a retirement from community activities.

If the Senate is losing your services, Canada we are sure will continue otherwise to profit by them.

[*English*]

Hon. A. Hamilton McDonald: Honourable senators, may I begin my remarks by thanking Senator Flynn, Leader of the Opposition, for leading off our proceedings this morning. I wish to join with him and with Senator Quart in their tributes to Senator Casgrain.

I wish to say to Senator Casgrain that I know Senator Martin would like to have been present on this occasion, to express his thanks and his gratitude to her. I am sure that on his return from Korea he will do so in another way.

I would like to express the thanks of the Government of Canada for the contribution which Senator Casgrain has made to the public life of this nation over a very long period of time. Her example is a good one for young people, whether they be male or female.

Senator Casgrain has indicated that there is a whole series of problems in this nation which need the attention not only of Parliament or provincial legislatures but also of Canadians generally who are prepared to spend time working for a better Canada.

Senator Casgrain, we wish you well in your retirement. It is unfortunate that you did not have the opportunity to serve here for a longer period, but I am certain your work will continue after your retirement from the Senate. We wish you well and we hope that from time to time you will visit us here in Ottawa.

Hon. Muriel McQ. Fergusson: Honourable senators, I too should like to express my sincere regret that Senator Casgrain will not be with us when we resume our sittings in the fall. She has been an ornament to the Senate in every way. We certainly appreciate having had her here.

Senator Casgrain has carried on the fine traditions of her family in the contributions she has made to the public life of Canada. She is widely known for the devoted work she has done and what she has accomplished for the underprivileged and, perhaps even more important, for the women of Quebec and Canada.

That she is appreciated was brought home to me very strikingly when we were travelling together with the Special Joint Committee on the Constitution. In the province of Quebec she was greeted with wide applause whenever her name was mentioned.

[Hon. Mr. Flynn.]

Since her appointment, Senator Casgrain has been a helpful addition to the Senate and its committees. She has attended the sittings of the Senate regularly and has made excellent contributions.

Much has already been said about Senator Casgrain's accomplishments, and if I were to continue I would only be repeating, but I should like to emphasize my own sincere regret that we are losing her. Judging by the interest she takes in legislation being passed in Canada and in her own province, I am sure that we will be the recipients of even more of her good advice in the future than in the past. I am looking forward to having consultations with her, and seeing her often.

Hon. L. P. Beaubien: Honourable senators, Senator Molson is sorry not to be here today and he has asked me to speak for him also when I say to our very charming colleague Senator Casgrain how sorry we all are to see her leave our already depleted ranks.

Hon. F. Elsie Inman: Senator Casgrain, it would be a much happier occasion if we were bidding you welcome instead of bidding you fond farewell.

As a member of the Senate, Senator Casgrain has contributed much to the activities of this house. She has made a splendid contribution. She is an outstanding Canadian citizen who has done much for the women of her own province and, indeed, for women throughout Canada. Senator Casgrain's activities did not end there, however, but permeated throughout all community work. Anything that would be of benefit to her community, and to the community of Canada as a whole, she has undertaken and her contributions have been very much worthwhile.

Senator Casgrain is a worthy descendant of famous ancestors. As she leaves us today I am sure she will carry on the traditions of her family in the continuation of her own good works on behalf of Canada in general. We all wish her great success and God speed.

Hon. Alan Macnaughton: Honourable senators, as I am sure you all know, Senator Casgrain is a famous descendant of two very well known Quebec families—the Forget family and the Casgrain family.

Many years ago, McGill law students and Liberal party workers used to meet more or less regularly several times a month at a salon which Madame Casgrain conducted for well known public figures, junior lawyers, and students of politics. As a result we had the opportunity of meeting many important people who were visiting Montreal or passing through, and it made Liberal party workers feel they really belonged to the party. That salon was conducted in the old European tradition for many years in Montreal.

I do not need to speak of Madame Casgrain's forceful character, or her great contribution to this country. But with her wisdom, charm and experience, I suggest that she is just beginning a new career in her native city and province, where she still has a great contribution to make to the welfare of her native country.

Hon. W. M. Benidickson: Honourable senators, I too wish to express my great regret that the calendar and the amendments to our laws are jointly responsible for the retirement in a few days of Senator Casgrain. I did not know her personally until she joined our ranks in the Senate, but in that short period of time I think we have formed a friendship which, so far as I am concerned at any rate, is very much appreciated.

Reference has been made to her political and family relations. At the time of her appointment her father was referred to by the Montreal *Star* as a "Conservative" but a "tycoon who was always on the side of the underdog." His daughter has followed along in that tradition.

Senator Flynn made reference to her other political association through marriage, but I do not think he mentioned that at one time Senator Casgrain herself ran as an Independent Liberal candidate.

Honourable senators, I do not wish to repeat what has already been said, but I think it should be mentioned that Senator Casgrain's first initiative in the business of this chamber took the form of referring to us an inquiry on the report of the Bird Royal Commission on the Status of Women in Canada. There resulted from this first motion of Senator Casgrain a very fruitful debate, and I think she will agree that in recent months there have been a number of legislative and administrative actions in several areas which are of importance to the women of this land for whom she has been a champion over the years. She was a leader, as has been said, in obtaining the franchise for women in Quebec. When she became a member of the Senate she was at that time President of the Quebec branch of the Canadian Consumers Association. She is a former President of la Ligue de la Jeunesse féminine, having held that office as long ago as 1926.

I want to tell her that I personally appreciate very much her strong support for my amendment this session to the Combines Investigation Act. My purpose was to try to eliminate the acceptance of collusion by banks with respect to bank charges for services; and, of course, on April 1 these charges involved increased costs to consumers—a matter in which Madame Casgrain has been very interested—in the area of perhaps $30 million.

This was done despite the fact that both of us have close relatives who are directors of banks. So keen was she a supporter of this amendment, which has been on our Order Paper, that she was going to take advantage of our special rule this session which permits one to make two speeches on a particular reading of a bill. However, the arbitrary legal retirement now makes that impossible for her to do, and she expressed her regret about it.

I am sure that she is as pleased as I am to read in the newspaper this morning that the Government as a whole have endorsed this principle and yesterday introduced into the House of Commons a bill which would accomplish the intent of my amendment now with Government support. I suspect it would not have received too much support in the Banking, Trade and Commerce Committee after reading the speech of its chairman on my motion. However, yesterday's new government bill introduces new safeguards for the public against undue concentrations of market power.

Senator Casgrain, in a recently published interview, is quoted as having said:

> Well, I have always had a chip on my shoulder. I suppose that's what kept me going.

Well, I say long may she be able to continue her activities and stand upright with the same good health and energy as now, and that if and when necessary she will be able to carry resolutely another chip on her shoulders for good public causes.

Hon. Mary E. Kinnear: Honourable senators, I too wish to pay tribute to the Honourable Thérèse Casgrain. I have not known her intimately for a long time, but I have known her over a period of years. She once chaired a meeting that I attended, and I have remembered her since that day.

Honourable senators have spoken of her many fine qualities and her distinguished family. On one occasion I saw her daughter here, who was present with her family, and she had the same attractive smile that the honourable Senator Casgrain has. I recognized her immediately.

We have mutual friends, from whom I hear so many fine things about her. She is a willing and able parliamentarian. She has determination, energy and enthusiasm, and I believe that with enthusiasm one can do anything.

Women can accomplish their goals in life if they have the strength of character to keep their aim on the target. Too often they give up. However, success in life is not achieved by anyone unless there is self-discipline. Thérèse Casgrain has this strength of character. She will never give up and I congratulate her on her efforts on behalf of all Canadians. I urge her to continue to lead an active and crusading life during her retirement.

Hon. John J. Connolly (Ottawa West): Honourable senators, I associate myself with all the very appropriate remarks with respect to Senator Casgrain. However, we should tell her that the loss occasioned by her departure from this body is not hers but ours. I think she will appreciate from the way honourable senators have spoken today that the members of the Senate realize perhaps more truly than they ever have before, the wisdom in the English aphorism, which applies to us: "It is better to have loved and lost than never to have loved at all.

[*Translation*]

Hon. L. P. Gelinas: Honourable senators, I would feel guilty if I did not take this opportunity to join those who paid tributes to Senator Casgrain. I would be angry at myself if I did not express publicly and loudly our affection and our admiration, and our regret at seeing her go. She contributed much to the proceedings of this house during her too short mandate.

Others have spoken more eloquently than I could about her merits, the good works she has achieved despite

difficulties and about all that women in particular owe her and have owed her long before women's lib.

Madame Casgrain's father and later her husband were members of Parliament for Charlevoix, a riding I consider one of the most beautiful in the country. She has been privileged ever since her childhood. As many others, she could have had a very easy life, a life of leisure, but I think that was against her nature. Being at the same time a capable and a warm-hearted woman, she preferred to devote her time to social and political causes, to women and charitable organizations, to the unfortunate and disinherited.

I will remember her as she guided her children and grandchildren through the Parliament Buildings the other day and stopped on the House of Commons side in front of the picture of her husband, the Honourable Pierre Casgrain, who was Speaker of the House of Commons and Secretary of State. I imagine she must have been most eloquent on that day.

We wish her the very best, and with those words, I bid her farewell.

[*English*]

Hon. Keith Davey: Honourable senators, I rise to participate because as far as my time here is concerned the tributes this morning have established something of a record in terms not only of their sincerity but most certainly of their number.

One thing has impressed me. In her career here Senator Casgrain has championed and continued to express points of view which I think are all too seldom heard in this place.

[*Translation*]

Hon. Thérèse Casgrain: Honourable senators, I should like to thank you from the bottom of my heart for the good words that all of you had for me. When I was asked to become a senator, I knew that the time spent in this Upper House would be very short. I accepted because I told myself that this was a new and a more official way to serve my country and my province.

Number 9 has been for me both lucky and unlucky since, indeed, I have been sitting in the Senate for nine months; however, I was defeated nine times when attempting to get elected to the House of Commons.

But this is a productive way to finish my public life, here in the Senate. I thank you wholeheartedly and I want to assure you that I shall keep on working, even though I will no longer have the good fortune of being here with all of you.

[*English*]

I thank you all for the very kind words you have expressed to me. I am really very "emotioned". I do not know if that is correct English, but I am "emotioned" in French or in English anyway. I would like to say thank you for your very courteous manner of receiving me and having accepted my remarks, which were perhaps sometimes a little strong. I wish to assure you that you can always count on me to stand up and be counted. We are living in times that are not easy, especially down our way. I think it would be awful if I had to go home and knit, because I would be sure to drop too many stitches. Thank you again, honourable senators.

I want to tell you that my stay here has been wonderful. Recently I had the opportunity to have one of my daughters-in-law and my grandchildren visit me. She took a photograph of me standing next to the painting of my husband, who was at one time Speaker of the House of Commons and also a Cabinet Minister. I am really moved by all these facts, because they show that my family is strongly linked with the history and welfare of the Canadian people.

I want to thank you. Merci beaucoup. I am going away with a heavy heart but a big chip on my shoulder.

POVERTY COMMITTEE

ARTICLE BY FORMER STAFF MEMBERS—QUESTION OF PRIVILEGE

Hon. David A. Croll: Honourable senators, I rise on a question of privilege affecting the Senate.

I have had an opportunity to compare in detail the texts of the draft report prepared for the exclusive use of the Special Senate Committee on Poverty as it stood at the time of the staff resignations, and the publication recently issued under the authorship of those who resigned.

I can now state categorically that much of the draft report as it stood at the time of the departures is reproduced verbatim in the publication. The draft report referred to is a document strictly confidential to the committee, but was freely used in the commercial production of the publication.

Those former staff members must have taken committee documents with them and used them for their own purposes without any leave or licence from the committee, in breach of faith, contract, and privileges essential to the proper functioning of Parliament.

In my view their actions are tantamount to thievery. The matter is being pursued.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. L'Heureux and Beaudoin have been substituted for those of Messrs. Mongrain and Dumont on the Joint Committee of the Senate and House of Commons on the Library of Parliament.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Report of Canadian Arsenals Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report of Canadian Commercial Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 13(1) of the Canadian Commercial Corporation Act, chapter 35, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report of Crown Assets Disposal Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 14 of the Surplus Crown Assets Act, chapter 260, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report of Atomic Energy of Canada Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952.

Report of the number and amount of Loans to Immigrants made under section 69(1) of the Immigration Act for the fiscal year ended March 31, 1971, pursuant to section 69(6) of the said Act, chapter 325, R.S.C., 1952.

Report of the Science Council of Canada for the fiscal year ended March 31, 1971, pursuant to section 17 of the Science Council of Canada Act, chapter 19, Statutes of Canada, 1966-67.

Report of the National Librarian for the fiscal year ended March 31, 1971, pursuant to section 13 of the National Library Act, chapter 330, R.S.C., 1952.

Report on the operation of Agreements with the Provinces under the Hospital Insurance and Diagnostic Services Act for the fiscal year ended March 31, 1970, pursuant to section 9 of the said Act, chapter 28, Statutes of Canada, 1957.

CRIMINAL CODE (JURY SERVICE FOR WOMEN)

BILL TO AMEND—REPORT OF COMMITTEE

Hon. John J. Connolly, Acting Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill S-20, to amend the Criminal Code (Jury Service for Women), and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mrs. Fergusson: I move third reading now.

Hon. Mr. Flynn: Next sitting.

The Hon. the Speaker: To proceed with third reading now would require leave.

Hon. Mr. McDonald: No, it does not require leave.

The Hon. the Speaker: I am reminded that we do not need unanimous consent, that there was an agreement among honourable senators. I would like to hear the Leader of the Opposition (Hon. Mr. Flynn) on this.

Hon. Mr. Flynn: Is Your Honour suggesting that the suspension of rules would apply to the present bill?

The Hon. the Speaker: Yes.

Hon. Jacques Flynn: Technically Your Honour may be right, but if the Senate considers this is the case, I would say it is an abuse of the rights of the Opposition. A reference to the debate which took place when the motion was made by Senator Langlois makes it quite clear that it concerned only government bills. The only reason we agreed to the motion was because at that time Senator Langlois indicated which bills would be coming to us, or which would be likely to come to us, before the adjournment. It was on that understanding that we agreed to the suspension of the rules at that time.

This is, of course, a public bill, but it is a privately initiated public bill, and it is obvious from the debate that took place that the agreement was only in respect of government bills. If the understanding is to be interpreted in the way Your Honour suggests, while it may be correct technically speaking, it would be an abuse of the spirit of that agreement.

Hon. Mrs. Fergusson: Honourable senators, I shall certainly not insist on third reading today. I am sure the Leader of the Opposition must know that this bill has been held up for a long time because of the illness of the chairman of the Standing Senate Committee on Legal and Constitutional Affairs. We were expecting him to return, and out of courtesy were waiting for him. When it was ascertained that he was not coming, it was decided to call the committee together. I had not the slightest expectation that there would be any objection to third reading. Although, as his Honour the Speaker has said, in view of the suspension of the rules, I do not need to ask for leave, I shall not insist on third reading today. This bill can be read the third time at the next sitting, whenever that is going to be.

Hon. Mr. McDonald: I would like to thank Senator Fergusson for her approach. The interpretation the Leader of the Opposition has put on the arguments presented by Senator Langlois and others when Rules 44, 45 and 78 were suspended is the proper one. In view of what Senator Fergusson has said perhaps we should comply with the request of the Leader of the Opposition, and leave third reading until the next sitting.

Hon. Mr. Flynn: I thank the Deputy Leader of the Government (Hon. Mr. McDonald). I assure the Senate that I do not do this because I oppose the principle of the bill or its passage. I would like to say something on third reading, but I do not think this occasion is an appropriate one, and I do not have the necessary material at hand.

Hon. Mrs. Fergusson moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

MASS MEDIA

FINAL REPORT OF COMMITTEE EXPENSES TABLED

Hon. Keith Davey, Chairman of the Special Senate Committee on Mass Media, tabled the final report of special expenses incurred by the committee for the period from March 18, 1969, the date on which the committee was first constituted.

BUSINESS OF THE HOUSE

Hon. Mr. McDonald: Honourable senators, I move that the Senate do now adjourn during pleasure until the call of the bell at approximately 1.30 p.m.

Hon. Mr. Flynn: Is there any possibility of our getting the bill to amend the Judges Act today? Has the deputy leader any information about that?

Hon. Mr. McDonald: The information I had a few moments before we came into the chamber was that we would not receive the bill today, and I understand there has been no change since then.

The Senate adjourned during pleasure.

At 1.40 p.m. the sitting was resumed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
Ottawa

30 June 1971

Sir:

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, June 30, at 1.50 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Hon. A. Hamilton Mcdonald, with leave of the Senate, and notwithstanding Rule 45(1) (h), moved:

That the name of the honourable Senator Flynn be substituted for that of the honourable Senator Casgrain on the list of senators serving on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1) (g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, September 14, 1971, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned during pleasure.

At 1.50 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to establish the Canada Development Corporation.

An Act to amend the Canada Labour (Standards) Code.

An Act respecting the construction of an international highway bridge between Fort Frances, Ontario and International Falls, Minnesota.

An Act respecting pilotage.

An Act to amend the Post Office Act.

An Act to amend the Prairie Grain Advance Payments Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, September 14, at 8 p.m.

THE SENATE

Thursday, September 14, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

TRIBUTES

THE LATE HON. JOHN J. KINLEY
THE LATE HON. JAMES GLADSTONE
THE LATE SENATOR EARL W. URQUHART

Hon. Paul Martin: Honourable senators, during the period of adjournment, death struck the Senate with vengeance. Three distinguished Canadians who were members of this house have passed away, two having retired shortly before the adjournment.

We learned with great regret of the death on August 23 of Senator John Kinley. It will be remembered that on June 21 tributes were paid to him on the occasion of his retirement. From the large number of warm tributes paid him on that occasion it is obvious that Senator Kinley was held in high regard by all honourable senators. Since I joined with others on that occasion in paying tribute to Senator Kinley, I do not propose to repeat many of the things that I now confirm and many other things which I am sure could still be added. We all knew that Senator Kinley was ill at the time of his retirement. The end came during the summer recess; we were all sorry that so distinguished a senator, so outstanding a parliamentarian, so outstanding a businessman and Canadian should have passed away. He had a long and full active life and I am sure that all honourable senators will join me in an expression of regrets to his wife and to his family.

On September 4 the Honourable James Gladstone died while paying a visit to Fernie, British Columbia. Senator Gladstone was a respected member of this house. That was evident from the tributes that were paid to him on March 31 this year when he retired from the chamber. We recalled then, and it is well for us to note now, that Senator Gladstone was the first Treaty Indian to be summoned to the Senate.

I am sure all of us were shocked when we learned of the death last month—for many in this house the unexpected death—of Senator Earl Urquhart who died on August 17. Earl Urquhart had been very ill even while he was attending the Senate prior to adjournment. Few knew that he was ill and those of us who did know could not help but admire his courage and his determination to stay on and to fight as long as he could prior to his entry into hospital. Earl Urquhart was a comparatively young man at the time of his death. We all know that he was a most active and industrious member of this house.

Senator Urquhart was born and raised in West Bay, Richmond County, in the province that he loved so much, the Province of Nova Scotia. He resided there all his life. He returned frequently to the place he loved and many were the occasions I tracked him down through the rural telephone circuit and spoke to him concerning the nation's business, half unaware whether the population of West Bay was party to our conversation. Earl Urquhart served in the Armed Forces, both in the R.C.A.F. and in the Canadian Army, during the Second World War. After the war he returned to practise law, for he was a solicitor and barrister, having trained for that profession at Dalhousie University. He was appointed a Queen's Counsel in 1962. He was, as we all know, not only an active member of this house but he was an active member of the Liberal Party. He had served in the Legislative Assembly of Nova Scotia from 1949 to 1963. In the early sixties he served initially as the leader of his party in the Legislative Assembly and thereafter, following his defeat, he continued to lead the Liberal Party from outside the Legislative Assembly. He naturally found that leading the party from outside the Legislative Assembly a difficult task and in due course asked to be relieved of the party leadership.

I know that he was very happy to have been summoned to the Senate as he was in February of 1966. He looked forward to a rich contribution to our parliamentary life and in the service of Canada through the Senate. That, however, has now been denied him, but his contributions here were many and distinguished. He was busy in the Legal and Constitutional Affairs Committee and the Internal Economy Committee. I would particularly single out his acting chairmanship of the Legal and Constitutional Affairs Committee during the past session. He was an alert and industrious chairman of that committee, and I am sure would have become a great success in that function. He was among those who thought that as long as Senator Arthur Roebuck, the chairman of that committee, was still alive the office of the chairman should be held open.

It is a considerable loss, I believe, to all of us in the Senate to lose such a man as Senator Urquhart. He assumed any assignment given him; he was also willing to assume responsibilities extended to him. His attendance in this house was model-like, and the people of his home community and the people of his province may feel that in Earl Urquhart they have lost, as Canada has lost, an enterprising, industrious and sincere public servant.

Hon. Jacques Flynn: Honourable senators, Earl Urquhart was a truly lovable man—unaffected, witty, humble, affable, courteous and compassionate. Racked though he had been by illness in the last few years, he maintained the cheerful demeanour of a tenacious, patient and courageous man. Adversity tested him often but succeeded only in adding to its own frustration.

He was gifted. His incisive mind drove quickly to the crux of any piece of legislation; his vast experience supplied the wherewithal to improve it; and his articu-

late defence of his own position almost invariably won him support from all sides.

Earl Urquhart was a man of principle, a man of strong convictions, endowed with a spirit of fairness and a determination for serving his fellow man, which made him a person to be emulated, a political figure worthy of respect, and a soldier deserving of honour. He was an excellent lawyer, whose sound knowledge of the law was matched by a deep respect for it. He was a credit to his party, to this chamber, to Canada and to himself. I considered him as a friend, and I feel a personal loss in his passing. To his family go our most profound condolences.

As well, honourable senators, do we offer our heartfelt sympathy to the families of our former colleagues John J. Kinley and James Gladstone. Would that men of such sterling qualities and outstanding accomplishment might have been restored to health to enjoy a full and peaceful retirement—the reward for a job well done. But though we be grieved by their passing, we take solace in the faith that a more perfect reward is now theirs, for sweet are the eternal slumbers of virtuous men.

In resuming my seat, may I quote from Theodore O'Hara:

> In Fame's eternal camping ground
> Their silent tents are spread
> And Glory guards, with solemn round
> The bivouac of these dead.

Hon. Keith Laird: Honourable senators, I wish to express deep sympathy to the families of those honourable senators who passed away during the summer recess. You will understand that I have a very special feeling about Earl Urquhart. I may say at the outset he made it very plain to me that he took a dim view of long eulogies of the departed. Having this in mind, I shall add very few words to those that have been so eloquently spoken. His accomplishements have been delineated; they are well known.

Senator Urquhart was my deskmate. We ate together almost every day and often enjoyed a nightcap together at the Chateau Laurier. So one can well understand how much I miss him.

Earl Urquhart had humanistic qualities which were well known to all of us. He was a most likeable person, and I am sure he would not mind my revealing this rather homely fact about him. He persisted in maintaining himself on Atlantic Time. Therefore, when it came to 12 o'clock he was going to eat lunch, and I was always willing to oblige. When it came to dinner he insisted on eating at 6 o'clock, and again I was always willing to oblige unless circumstances prevented it.

Honourable senators, in keeping with what I know would be Earl's sentiments, I simply say to you, of a close friend so prematurely gone, that his passing is a very deep personal loss.

Hon. Paul Yuzyk: Senator James Gladstone was laid to rest among the departed members of the Blood Band of the Blackfoot federation on the Indian reserve at Cardston, Alberta on September 8. The funeral rites were performed at St. Paul's Anglican Church, the Bishop of Calgary officiating. Mr. Willie Scraping White recited Blackfoot prayers and delivered the funeral oration in the native tongue. A large attendance of Indians and whites at the church and cemetery mourned the passing of Jim Gladstone, Akay-na-muka in Blackfoot, the first Indian senator in Canada.

The Government was represented by the Honourable Jean Chretien, Minister of Indian Affairs and Northern Development, and the Honourable Horace Olson, Minister of Agriculture. Several members of Parliament were also present, and Senator Earl Hastings and myself represented this chamber.

To his wife, Jennie, to his six surviving children and their immediate families, I conveyed the condolences of the Senate.

Senator Gladstone will be fondly remembered by all members of this chamber who knew him. He was a pleasant, friendly person, and a dedicated, hard-working parliamentarian who did much both to improve the economic, social and educational conditions of his people and to gain some recognition of their rights.

Senator Gladstone will be greatly missed in this chamber, the members of which, I feel sure, would warmly welcome a worthy successor of Indian origin. Above all, he will be sorely missed by his people, who greatly loved and respected him. May his deeds be an inspiration to the others of his race, and may his soul rest in peace.

Hon. John M. Macdonald: I join with those who have already spoken in paying tribute to our former Senators John Kinley and James Gladstone, both of whom I knew very well. I recall spending many a pleasant hour in the company of Senator Kinley in the lobby of the Chateau Laurier. He was a fine gentleman, a great Nova Scotian.

Jim Gladstone was also a very fine person. I had great respect for him, and admired his zeal and determination to better the conditions of those he referred to as "my people". They were his people and he was their great advocate in and out of Parliament.

I find it more difficult to refer to the untimely passing of Senator Earl Urquhart. We came from the same part of the country, and were personal friends for a great many years.

I well knew his fine qualities of heart and mind. He was highly regarded in Nova Scotia and earned the affection and respect of all who knew him. The tremendous number of people who came from far and wide to attend his funeral was a tribute to him and showed the esteem in which he was held. Senator Blois and I represented this chamber at the funeral.

As has been mentioned, Earl Urquhart was a young man, yet was prominent in the public life of Nova Scotia for 22 years. Before that he had served his country well during World War II. I need not mention his work as a senator. We know it well. He took a great interest in the work of this chamber and was especially interested in all matters pertaining to his beloved Nova Scotia. His death is a blow to the Senate, and I personally mourn the loss of a worthy colleague and a good friend.

THE SENATE

APPOINTMENT OF FEMALE PAGES

The Hon. the Speaker: Honourable senators, on June 2, 1971, the honourable Senator Fergusson asked a question of the Leader of the Government regarding the possibility of appointing female pages in the Senate. Honourable senators have already noticed that two charming young ladies have now joined the page staff of the Senate.

Although some legislatures throughout Canada have already employed young ladies as pages, I thought that I should point out this new practice beginning in our chamber tonight and also the unanimous approval of senators when this matter was discussed before the summer recess.

Hon. Mr. Martin: Honourable senators, I should like the credit to go where it is due. His Honour said that Senator Fergusson asked the Leader of the Government whether or not it was possible to have female pages. It is only right that Senator McDonald, who was Acting Leader when I was at that time in Korea, should be given the credit for his very chivalrous reply to Senator Fergusson.

Hon. Mr. Flynn: Honourable senators, we should not forget that if ever there was a Speaker in favour of female pages, it is our present Speaker.

Hon. Mrs. Fergusson: Honourable senators, I should just like to say that I was really astonished at the prompt response of the Speaker and of the leader, and I am delighted that we have two girl pages in the chamber.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate:

That a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Foster had been substituted for that of Mr. Roy (Timmins) on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of operations under the Civil Service Insurance Act for the fiscal year ended March 31, 1971, pursuant to section 21(2) of the said Act, chapter 49, R.S.C., 1952.

Revised Capital Budget of Central Mortgage and Housing Corporation for the year ending December 31, 1971, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1971-1237, dated June 23, 1971.

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1971, pursuant to section 20(1) of the Atomic Energy Control Act, chapter A-19, R.S.C., 1970.

Copies of four contracts between the Government of Canada and various municipalities in Manitoba, New Brunswick and British Columbia for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter R-9, R.S.C., 1970. (English text).

Report of operations under the Crop Insurance Act for the fiscal year ended March 31, 1971, pursuant to section 13 of the said Act, chapter C-36, R.S.C., 1970.

Revised Capital Budget of the National Capital Commission for the fiscal year ended March 31, 1971, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1971-1153, dated June 10, 1971.

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1971, pursuant to section 119(1) of the Bank Act, chapter B-1, R.S.C., 1970.

Report of the Fisheries Research Board of Canada for the year ended December 31, 1970, pursuant to section 12 of the Fisheries Research Board Act, chapter F-24, R.S.C., 1970.

Report on proceedings under the Canada Labour (Standards) Code for the fiscal year ended March 31, 1971, pursuant to section 75 of the Canada Labour Code, chapter L-1, R.S.C., 1970.

Statement of expenditures and financial commitments made under the Veterans' Land Act for the fiscal year ended March 31, 1971, pursuant to section 49 of the said Act, chapter V-4, R.S.C., 1970.

Report of operations under the Fisheries Improvement Loans Act for the fiscal year ended March 31, 1971, pursuant to section 12(2) of the said Act, chapter F-22, R.S.C., 1970.

White Paper entitled "Defence in the 70s", dated August 1971, issued by the Department of National Defence.

Copies of a Report entitled "It's Your Turn", dated July 1971, prepared by the Committee on Youth (David Hunter, Chairman).

Report on the operation of the Regional Development Incentives Act and on "Special Area" incentives for the months of June and July 1971, pursuant to section 16 of the said Act, chapter R-3, R.S.C., 1970.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, July 14, July 28, August 11, August 25 and September 8, 1971, pursuant to section 7 of the Regulations Act, chapter R-5, R.S.C., 1970.

Report on the state of the Unemployment Insurance Fund as at March 31, 1971, and of the transactions under section 86 of the Unemployment Insurance Act for the fiscal year ended March 31, 1971, pursuant to section 87 of the said Act, chapter U-2, R.S.C., 1970.

Report of the Standards Council of Canada for the fiscal year ended March 31, 1971, including its financial statement certified by the Auditor General, pursuant to section 20 of the Standards Council of Canada Act, chapter 41 (1st Supp.) R.S.C., 1970.

Report on the operation of the Regional Development Incentives Act and on "Special Area" incentives for the month of August 1971, pursuant to section 16 of the said Act, chapter R-3, R.S.C., 1970.

Copies of excerpts from a White House Briefing Paper on the recent statement by the President of the United States respecting a wage-price freeze and a temporary import surcharge, together with copies of a statistical summary of Canadian exports subject to the United States surcharge.

Consolidated Index and Table of Statutory Orders and Regulations published in the *Canada Gazette*, Part II, for the period January 1, 1955 to June 30, 1971.

Minutes of Proceedings of the Royal Society of Canada, 1970, together with financial statements, certified by the Auditors, for the year ended February 28, 1971, pursuant to section 9 of an Act to incorporate the Royal Society of Canada, chapter 46, Statutes of Canada, 1883, and a brief history of the Society, and the 1970-1971 Calendar. (English text).

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 22 of the National Museums Act, chapter N-12, R.S.C., 1970.

Report of the National Arts Centre Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1970, pursuant to section 17 of the National Arts Centre Act, chapter N-2, R.S..C, 1970.

Report of the Company of Young Canadians, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 25 of the Company of Young Canadians Act, chapter C-26, R.S.C., 1970.

Report of expenditures and administration in connection with the Youth Allowances Act for the fiscal year ended March 31, 1971, pursuant to section 13 of the said Act, chapter Y-1, R.S.C., 1970.

Report of expenditures and administration in connection with the Family Allowances Act for the fiscal year ended March 31, 1971, pursuant to section 14 of the said Act, chapter F-1, R.S.C., 1970.

[Hon. Mr. Martin.]

Report of expenditures and administration in connection with the Old Age Security Act for the fiscal year ended March 31, 1971, pursuant to section 26 of the said Act, chapter O-6, R.S.C., 1970.

Report of the President of the Medical Research Council, including accounts and financial statement certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 17 of the Medical Research Council Act, chapter M-9, R.S..C, 1970.

Report of the National Capital Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to sections 75(3)and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Summary of 1971 Tax Reform Legislation issued by the Minister of Finance.

Hon. Mr. Flynn: That was enough to spoil the Prime Minister's vacation.

TAX REFORM

COMMITTEE AUTHORIZED TO STUDY LEGISLATION

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding Rule 45(1)(e), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

He said: Honourable senators, I do not propose to make a lengthy statement at this time but I should just like to recall some of the background and events which led to the preparation of this summary of the 1971 tax reform legislation.

You will recall that the Government issued a White Paper proposing many tax changes or reforms, and in the House of Commons that White Paper was referred to the Commons Finance Committee, while in the Senate it was referred to the Standing Senate Committee on Banking, Trade and Commerce. Public hearings were held by both committees and in due course, on the determination of the hearings, a report was submitted by each committee. Subsequently the Government considered and reflected, and proceeded to draft what it felt would be the implementing legislation. I should say that in this summary of the 1971 tax reform legislation many of the recommendations made by your committee, and many of the recommendations made by the committee of the House of Commons, have been recognized and incorporated.

That, honourable senators, was the first step. But, after all, the summary is only a recital of the judgments and decisions as to the direction in which the tax law should go. What is needed now is legislation that will amend in whatever way is necessary the existing income tax law so as to have the combination reflect the tax reform which the Government proposes.

However, so far as Bill C-259, which has been introduced in the House of Commons, is concerned you may well say that it uses a great many words to reflect the opinions, judgments, and decisions of the Government concerning the form and the scope of the amending legislation. I have here a copy of the bill, and while it is true that it is printed on only one side of the page, nevertheless it runs to over 700 pages. Now when one is tackling such a massive job as this, I think it is almost inevitable that it should take a very long time, and that there should be thorough and widespread consultation rather than having it confined within very narrow limits. I say this because we could arrive at a situation in which many things are introduced into the resulting bill which are not intended, while others bring about situations that are not intended, and while yet others do exactly the opposite of what was intended originally. Furthermore, the language in the bill is quite a departure from the language of taxation legislation as we know it. As a result, the combination of all these things presents many difficulties.

Despite all this, honourable senators, I find that it is not intended that there shall be any public hearings by the House of Commons committee, but that the bill shall be dealt with by the Committee of the Whole. I also gather from public statements made by the Minister of Finance, particularly that made to the Law Society of Upper Canada, that technical amendments will be proposed when the bill is being considered in the House of Commons, and that these will reflect to some extent many of the representations made to the minister and his departmental committee.

The Hon. the Speaker: Perhaps the honourable Senator Hayden would permit my making a remark. Apparently some difficulty is being experienced with the amplification system. Until it is corrected, may I be forgiven for placing a further burden on the shoulders of the honourable senator who has the floor by asking him to speak a little louder if at all possible.

I am now told that the defect has been corrected.

Hon. Mr. Hayden: I am glad to take note of His Honour's statement. I hope that I did not cause the system to go out of order, but I think, honourable senators, that if the worst came to the worst I could make myself heard without the assistance of the system, although I normally enjoy its assistance.

To return to the point I was making, from all that has been said publicly and the representations that have been made in public as well as to the minister and his department, I think it is clear that we are presented with a situation in which there are many instances of where the bill, in its scope and direction, does not carry through the intentions and the decisions that appear in the summary. It may well be too that the language that is used is not properly descriptive of what was intended to be done.

Therefore, since the public are going to have to live with this measure, in whatever form it is passed into law, it becomes important that we spend as much time and make as careful a consideration of its provisions as is possible. The only place where there will be the opportunity for public hearings will be in a committee of the Senate. This is one of the reasons why I am urging the Senate to approve of referring this bill to the Standing Senate Committee on Banking, Trade and Commerce. After all—and I say it with some justifiable pride—in the membership of that committee we have represented the best available talent in this field of taxation. I believe we demonstrated that in our study of the White Paper. I can tell you too that we have been taking steps to organize the committee so that we will be able to proceed expeditiously.

Our sole object is to make sure that as many defects as we can catch in our study of the bill are caught and remedied, because this is what the people will have to live with. Thus it becomes important that the directions to those administering this act, when it becomes law, are clear enough so that there will not be the opportunity for differences in interpretation as between the summary of what the Government said it was intended the reform in taxation should do, and the direction in which it should go.

The thickness of this copy of Bill C-259 can be seen. It is important that we get to work as quickly as possible in order that we may make some study of the bill. I would like to be able to say that we can make a complete study, but that would be a vain hope, because for a number of years after this bill passes into law there will be annual presentations of amendments because of the interpretations of which the language is capable and which were not sufficiently thought out in those extended applications before the bill was passed. Yet, January 1 is the deadline. The economy and the revenues are geared to this bill, with its substantial provisions, becoming effective on January 1, 1972.

Therefore, I think it is our duty, as best we can, to accommodate ourselves to that intention and plan. At the same time I think we should work as hard as we can to make it as effective and as easy of administration and understanding as is possible in the limited time available. You will not get perfection, but I think the result of the committee's sittings and conclusions will be to remedy many of the situations arising in the transition from existing law, through the decisions made in the summary to the implementation of those decisions in Bill C-259. We may be able to correct and adjust much that is in this bill that is not really intended and does not serve the purpose it was designed to serve.

I believe I can say without betraying any confidence, in connection with some of the points brought to the attention of the officials of the department, that when they have been told that this or that particular section or series of sections of Bill C-259 accomplishes a certain

result, they have replied that it cannot and that it was never intended to. Of course, that is not anyone's fault. It is the fault of a system in which you cannot have consultation broadly across the whole land when you are drafting tax bills because this must be done and kept within the confines of the minds of the members of the Government until they are ready to present it publicly, to Parliament in the first instance. So when one is forced to develop this field of legislation in this form, these things are an inevitable consequence in the document. However, that document is very important and so widely sweeping in its scope and effect, entering as it does into the business and daily lives of the people of Canada.

With these few thoughts I want to emphasize that it is most important that we get down to a study of this bill at once. It will be the duty of the members of the committee to do the best they can in their study of this bill and the resultant recommendations, supporting them with reason and fact, thus creating greater harmony between what the Government is proposing to do through the summary and what it appears to do through the bill itself.

Hon. Jacques Flynn: Honourable senators, I do not hesitate in saying at once that I am in full agreement with the sponsor of this motion and the objectives he has indicated he has in putting this motion before the House.

At first, the idea of considering a bill which has not been passed by the other place may appear a little irregular, but we are faced with a very special situation. This bill, after all, follows the White Paper which was tabled about two years ago. It follows reports of a special committee of the other place and the Standing Senate Committee on Banking, Trade and Commerce. Therefore, it is not a problem of dealing with the principle of the bill, but really of finding out whether the conclusions of the Government following the White Paper, its criticism by the public in general and in the reports of the House of Commons and Senate committees are actually enacted in the manner indicated to be the wish of the Government. We are faced with a technical problem which is, as Senator Hayden said, very important.

The comments we have heard from the annual meeting of the Canadian Bar Association and other meetings suggest that the drafting may be defective in many ways. Reading these comments and listening to Senator Hayden brought back a memory of Senator Pouliot's comment on the drafting of bills. It is very important for the Senate to consider the bill and discover whether it really achieves what is intended. If my understanding is correct, this committee will not deal with the principle of the bill. That can be done when the bill reaches us after consideration by the House of Commons. However, we will determine whether it is presented in the appropriate manner, which is a very important task. This task can certainly be handled in a better manner in our committee on Banking, Trade and Commerce than by any other committee, especially the Committee of the Whole of the other place. And I say that with all due respect.

I do not believe the fact that the Minister of Finance has said that the bill is clear and simple should be as convincing as the comments made at the meeting of the Canadian Bar Association. I would rather accept what I heard during discussion of this legislation at the Banff meetings. It may be that the thinking of the Government is clear, but judging by the thickness of the bill it is reflected in a rather thick way, and I am sure can be clarified.

Senator Hayden has indicated that the department—I suppose he refers to the Department of National Revenue—has realized after some consideration that amendments are necessary. I am personally quite convinced that the Standing Senate Committee on Banking, Trade and Commerce can help the department and the Government. I am even more sure that both the department and the Government need help in this respect.

Hon. Mr. Hayden: May I answer a question which is inherent in what you said? There is precedent for this procedure in the Senate. It has occurred on at least three occasions since I have been here, one of which was almost parallel. This was done in 1945 when it appeared that the budget resolutions were never to become legislation and sent to this house. There was a resolution similar in wording to that which I put on the Order Paper tonight referring the bills arising out of the budget for examination and consideration by the Standing Senate Committee on National Finance.

Hon. John J. Connolly: Honourable senators, I am very pleased indeed to second the motion that is before the house at this time. I have nothing but praise and applause for the leadership and initiative shown by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce in taking this step. We must remind ourselves that the Royal Commission on Taxation, known as the Carter Commission, spent an enormous amount of time working on the problem of tax reform in this country. Following the presentation of its report it took a long time indeed for the officials in the Department of Finance to produce the now notorious White Paper. When that document was produced, committees of the House of Commons and the Senate studied it. The committee of this house worked for more than a year before it was able to produce a report.

Let me say in the first place that it is heartening for parliamentarians who have given a great deal of work to a complicated problem such as that presented by the White Paper and earlier by the Report of the Royal Commission to know that their work was not in vain. Many parts of the White Paper and recommendations of the royal commission were strenuously contested during the committee hearings. The new Income Tax Act which has now been presented to Parliament in the other place generally has been applauded.

Hon. Mr. Flynn: Generally been what? Applauded?

Hon. Mr. Connolly (Ottawa West): Applauded, yes; indeed, applauded.

Hon. Mr. Flynn: I do not know where you heard that.

Hon. Mr. Connolly (Ottawa West): It was in the editorials. It was certainly in comments of the professional associations and of the business community. It was thought to be such an improvement over the White Paper that it was really...

Hon. Mr. Flynn: I think you hear what you wish to hear.

Hon. Mr. Connolly (Ottawa West): No, indeed; I think this is so and I do give the minister credit for daring to listen to the committees as he did.

Nonetheless, one must remember that the importance of this legislation is very great indeed. When one considers the volume of material available in connection with the Income Tax Act, the many thousands of court decisions, the jurisprudence, the rulings issued by the departments, the interpretations, the precedents, the writings and speeches of experts, it is realized that the field of taxation is very complicated, difficult and, indeed, impinges upon not only the individual but on all corporate economic activity in the country.

The bill is not only voluminous, it is complicated. If Parliament is to make an intelligent assessment of it, parliamentarians first of all must understand it. To understand it they must study it. The bill is to come into effect at the end of this year and it would be impossible for the House of Commons to deal with the matter in the normal course and pass it on to us for approval. It would reach the Senate in the dying days of the session, before the Christmas adjournment and we could not possibly give it any kind of consideration. We could hold it over to another session; we have that authority or veto power. However, I do not consider that to be a desirable exercise to contemplate. Senator Hayden suggests in this regard that the rules of Parliament be used with ingenuity. He is making the parliamentary process adaptable. He is making it come alive. He is making it serve the country, and he is allowing us and Parliament to get around the dead letter of the law.

Senator Hayden has referred to precedents. Certainly there is a very clear precedent which is to be found in the *Journals of the Senate* of December 12, 1945, at page 361. I may interject here to say that at that time bills arising out of the budget were sent as a practice to the Finance Committee rather than to the Banking and Commerce Committee, but that practice has been changed. This precedent reads:

> On motion, it was
>
> Ordered, That the Standing Committee on Finance be authorized to examine and consider certain Bills based on the Budget Resolutions in advance of the said Bills reaching the Senate.

This wording has almost been literally employed in the motion we are now considering.

There is another precedent too. There have been chronic complaints over the years in the Senate with respect to the way in which we have been called upon to deal with appropriation bills which reach us late. These bills are based on the main Estimates and the supplementary Estimates, and year after year senators would complain that there was never an opportunity to give adequate consideration to these bills. The remedy was provided by this house itself a number of years ago. The practice we adopted was that upon tabling the main Estimates and the supplementary Estimates they were referred immediately to our Finance Committee for study and report. Therefore, through this device every senator had an opportunity to examine both the main and the supplementary Estimates and to question any item that he desired to question. Our study was made before the bill arrived here, with the result that no senator could be heard to complain about the fact that he was not given an opportunity to discuss items which were in the Estimates and upon which the bill touched. I can remember Senator McCutcheon often coming into the house with appropriation bills and referring to evidence that was given before the Finance Committee on matters about which he had complained, and about which in some cases he was still complaining. The point is that he had had an opportunity to examine the Estimates, or any particular item in the Estimates, and to make a responsible contribution to the appropriation bill.

Honourable senators, I think this is a desirable and an ingenious initiative. It is a good step and well supported by our precedents.

Hon. David Walker: Honourable senators, Senator Connolly (Ottawa West) has really made the point that I had in mind. If the chairman of our Banking, Trade and Commerce Committee had not taken the initiative the committee would never have had the opportunity of examining this voluminous bill. How often have we received legislation which has been delayed in the House of Commons and which arrives here too late for us to give it full consideration? It may be that the other place is anxious to adjourn. By doing this at the opening of the session the House of Commons will come to look forward day by day to the deliberations of our committee. They really do look to this committee for enlightenment on bills of this kind. Without being political at all, I would like to pay my tribute to the greatest chairman this committee has ever had, the honourable Senator Hayden.

Hon. Senators: Hear, hear.

Hon. Mr. Walker: When my leader jokingly suggests that perhaps we did not receive much credit for the gargantuan work done in the White Paper I know he is only spoofing, because wherever I have gone across Canada and wherever I have met people who have discussed this matter they said they were tremendously impressed by the work of the Senate on that White Paper.

Hon. Mr. Flynn: I was talking about the bill; not the report.

Hon. Mr. Walker: Of course, the White Paper was a shocking thing and it was not hard to criticize it, but was it not a good thing to have this committee of our house take on that task? All I hope is that nothing will prevent the chairman of this committee from going on with his

task. It is a tremendous task, and it is going to be appreciated not only by the House of Commons, but by the members of the Government themselves. A searching study was made by this committee. Due to illness I was absent during the past year a good deal of the time, but I watched what was being done, and I am more impressed every time I read the committee's proceedings. I hope to take an active part in the deliberations that are beginning tomorrow morning.

Hon. Paul Martin: Honourable senators, I think it is a fact that following the tabling of the report of the Standing Senate Committee on Banking, Trade and Commerce on the White Paper on Taxation there was no debate in the Senate. Therefore, it is appropriate that reference should be made to the work of that committee on the important White Paper which, as the Minister of Finance insisted from the beginning, did not represent final policy, but a statement of propositions made with the view of encouraging a wide national debate.

Hon. Mr. Flynn. That is a fine speech; not the first.

Hon. Mr. Martin: He succeeded in provoking that debate, as we are reminded by the Leader of the Opposition (Hon. Mr. Flynn). It is not necessary at this time to go over the ground that has been so ably covered by Senator Hayden, Senator Connolly (Ottawa West), Senator Walker and the Leader of the Opposition. However, I think that the Leader of the Opposition did make an important point when he mentioned what we would be doing if this motion is adopted, and that is that we would not be deciding the principle of the bill. That is only done when the House of Commons has discharged its duty in that particular, and when the measures come to us for legislative consideration and action. No legislative action is being proposed at this time in the motion put forward by Senator Hayden. Senator Hayden has indicated that the economy of the country and the Government's taxation program is geared to January 1. I think that this statement of his is important, because the economy of the nation is so vitally involved in this matter and the observance of the effective date of January 1 is no academic matter. It is of the greatest importance. The Senate has its responsibilities and, as Senator Walker mentioned a moment ago, rather than be caught at the last moment faced with the date of January 1, this house would want to take advantage of the opportunity of a program of pre-examination and study. As Senator Flynn has mentioned, that pre-examination does not in any way involve an exercise at this stage by the Senate of any legislative function.

Senator Hayden mentioned that there were precedents. These were delineated by Senator Connolly (Ottawa West). He mentioned the opportunity the Senate takes of looking at the details before an appropriation bill is finally dealt with by this house. Senator Hayden mentioned the investment bill that was carefully examined by the Senate in the fall of 1968, when a complete revision of that bill was made. The bill had not gone to the other place.

[Hon. Mr. Walker.]

Hon. Mr. Connolly (Ottawa West): It was introduced here though.

Hon. Mr. Martin: It was introduced here, save for the money provisions of the bill, which would have made it unconstitutional or improper for us to deal with it. I think that precedent is a good one, and Senator Hayden himself had a great deal to do with that.

Senator Hayden mentioned an earlier proposal, in the form of a motion, which was actually dealt with in 1945. It might be useful if I read the text of that motion. It will be seen that Senator Hayden has properly drawn on some of the terms of that resolution for the motion now before us. The motion to which I refer as having been passed in 1945 was put on December 12, and read as follows:

> That the Standing Senate Committee on Finance be authorized to examine and consider certain Bills on the Budget Resolutions in advance of the said Bills reaching the Senate.

In the way proposed, therefore, the effective date for implementation of the bill can be met, and at the same time the two Houses of Parliament, each exercising in the proper way their respective legislative functions in accordance with section 18 of the B.N.A. Act, will be able to discharge those functions. However, we are making it clear at this stage, as the Leader of the Opposition has done, and as Senator Hayden did, that we are not dealing with the principle of the bill; we are anticipating the bill, and we will deal with it properly in a legislative way after we have had an opportunity of giving it the study that will enable us to be fully informed as to the nature of the bill or what changes should be made to it.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

ADDITION TO COMMITTEE MEMBERSHIP

Hon. A. Hamilton McDonald moved, with leave of the Senate and notwithstanding Rule 45(1)(h):

> That the name of the honourable Senator Laird be added to the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO SIT DURING ADJOURNMENTS

Hon. A. Hamilton McDonald, with leave of the Senate, and notwithstanding Rule 45(1)(h), moved:

> That the Standing Senate Committee on Foreign Affairs have power to sit during adjournments of the Senate of more than one week.

Hon. Mr. Flynn: Why must the break be more than one week? If you can sit during adjournments, you can sit during adjournments.

Hon. Mr. McDonald: The committee now has power to meet during adjournments of less than one week.

Hon. Mr. Flynn: It is to correct a mistake.

Motion agreed to.

[*Translation*]

NATIONAL FILM BOARD

FILM "UN PAYS SANS BON SENS"—QUESTION

Hon. Eugene A. Forsey: Honourable senators, I have a few questions for the Government Leader. The first is related to a report in the September 10 issue of the *Globe and Mail* to the effect that during a program produced at the University of Montreal a definitely separatist film was shown to new students, titled "Un pays sans bon sens"—a film about Canada. Furthermore, still according to the same report, the film is said to be a National Film Board production.

I would ask the government, following that report, how it is that the National Film Board can issue such films. I have given notice to the Government Leader of this question.

Hon. Mr. Martin: The honourable senator was kind enough to give me notice of the two questions at six o'clock but I have not yet had the opportunity to obtain replies.

I hope to be able to reply to those two questions next week, since inquiries will have to be made.

NATIONAL CAPITAL

SCULPTURE IN CONFEDERATION PARK—QUESTION

Hon. Mr. Forsey: As for the other question, honourable senators, I wonder who could give us this information.

In the small park opposite the Lord Elgin Hotel, there is a so-called sculpture which looks like bowels. I would like to know, what federal agency put this monstrosity in this nice little park. What agency is responsible for this mistake which in my view is a gross one? What is this so-called sculpture which is an insult to the Canadian people?

Hon. Mr. Martin: Well, I can assure Senator Forsey that I am just as curious as he is and I am eagerly awaiting the answer which I hope will be received within a few days.

[*English*]

THE SENATE

USE OF CHAMBER BY NATO

Hon. Hartland de M. Molson: Honourable senators, I would ask the Leader of the Government if he could enlighten some of us, who have heard quite a few rumours that the North Atlantic Treaty Organization will be meeting in Ottawa in this chamber, and that we may not sit, and so on.

It seems to me that, if some plans have been made to lend our facilities to others, the first people to be informed should be the members of the chamber. So far as I know, no one has been informed. I would ask if any plans or commitments have been made and, if so, when we, the members of the Senate, will be informed?

Hon. Mr. McDonald: Honourable senators, the point made by Senator Molson has been under active consideration for some time and I can assure him that any concrete information will be made available to the house just as rapidly as there is a final conclusion.

It is quite true that NATO will be meeting in Ottawa, for the first time in its history, and they have requested the use of this chamber for the plenary sessions to be held on three days, namely, Monday, Tuesday and Wednesday, September 27, 28 and 29, but not at night.

Personally, I would hope that it would not be necessary for the Senate to be in session while NATO is meeting here. Part of my reason for so hoping is that, as the host nation, we must supply certain facilities and staff to NATO and this will take, in my opinion, the full time of part of our staff.

However, the first responsibility of this chamber is to deal with the business of the nation. The one bill now proceeding through the House of Commons is C-262, and it must be dealt with by this chamber as quickly as possible after it is referred here from the other place. I have no idea when that bill will arrive. It is my hope that it will come here in time for us to dispose of it before the commencement of the NATO meeting, but we may not receive it until after.

As soon as a decision can be made, all honourable senators will be notified. I am sorry that it is not possible to give that information tonight.

I can only repeat my hope that we do not sit during the period when NATO is meeting in Ottawa in this building, and for part of the time in this chamber.

Hon. Jacques Flynn: Honourable senators, may I say to the deputy Leader that my understanding was that NATO would use this chamber on Tuesday in the morning and afternoon, and that we could use it on Tuesday night; that NATO would use it on Wednesday morning and we could use it on Wednesday afternoon, and that those meetings would not interfere with the business of the Senate.

Hon. Mr. McDonald: Honourable senators, the observations of the Leader of the Opposition are absolutely correct. If necessary, the Senate can sit while NATO is here. But the problem I referred to is that of staff and it would be more convenient if we did not have to meet. It is my hope that we shall not have to meet, but if we have to meet in order to deal with Bill C-262, then we will.

Hon. Mr. Molson: Honourable senators, I am a strong supporter of NATO and I am glad that this country is going to make facilities available to it. That is a very desirable action, and something that should be encouraged.

I would like to remind the deputy leader that we had quite a debate a couple of years ago on the use of this chamber. The honourable Senator Roebuck precipitated that debate by suggesting that, in accordance with the recommendation of the Rules Committee, the Senate chamber be used by his committee. Some of our most distinguished senators objected, in fact quite strenuously, to this, and his motion was never acted upon. In the course of that debate—which commenced on March 19, 1969 and continued on March 20, 1969—as reported at page 1236 of *Hansard* of that year, His Honour the Speaker addressed the house. I shall not read his remarks in full but only those which I think pertain to this question.

> There were some questions asked as to the past practice with respect to the use of this chamber. I have had some research done, and can now inform the Senate that when Parliament is not in session—and that includes, of course, both houses of Parliament—it has been left to the best judgment of the Speaker to decide whether the chamber should be used for meetings of an international character. In this respect I refer to the meeting that will be held in September, when Canada will be the host to a meeting of the Speakers of the Commonwealth Parliaments.

In a subsequent paragraph His Honour said:

> When Parliament is sitting—and all honourable senators may not be aware of this—any honourable senator can use the desk which bears his name at any time of the day. So, when Parliament is sitting this chamber belongs to all honourable senators, and only the Senate itself can give permission for another use to be made of it.

Honourable senators, I do not wish to make this in any form an objection to the use of this chamber by NATO, but I do wish to call attention to the fact that His Honour the Speaker has already pointed out that the use of this chamber is at the disposition of the individual members. I believe that if at any time it is contemplated that the chamber be on loan to an international or any other worthwhile organization, the members of the Senate should be, if not consulted—perhaps that is too difficult—at least advised at the earliest date of the possibility, which I think would be good enough for all of us. To hear rumours that it may be used for such purposes is, I believe, not quite adequate for the dignity of this chamber.

Hon. Mr. McDonald: Honourable senators, I must admit quite frankly that I knew of the reference which Senator Molson has brought to our attention, but it had certainly escaped my thinking processes until this very moment when he brought it our attention. I distinctly recall the occasion that he has referred to.

Honourable senators, a further word of explanation may be helpful. When Canada volunteered to be the host nation for the North Atlantic Assembly meetings this fall, it was done with the understanding that Parliament would not be in session. These meetings normally are held later in the year, generally in November, but because of certain things that will be happening in the month of November in the country south of us, there was a desire to move the North Atlantic Assembly meetings to an earlier date. Canada was in favour of this, as it would not have been possible for her to be the host nation in November because Parliament is usually in session during that month.

When the invitation was extended to NATO it was felt that Parliament would not be in session in September. However, the events that have taken place since the invitation was extended to NATO have meant that we are back in session at an earlier date than was anticipated.

It was originally anticipated that the plenary sessions of the North Atlantic Assembly would take place in the chamber of the House of Commons. The House of Commons is also currently in session, and in order to solve the dilemma in which we find ourselves, it is hoped that honourable senators will make the physical facilities available for the plenary sessions to be held in this chamber.

I am pleased that the honourable Senator Molson has brought this matter to our attention, because I had completely forgotten the discussions which were held, I believe, in March 1969. Perhaps I owe honourable senators an apology for not having brought to their attention the request for the use of this chamber. It is my hope that we may have the co-operation of all honourable senators in order that we may proceed with our work as the need arises, and also to accommodate the North Atlantic Assembly meetings and fulfill the commitment which our country made to NATO.

OPPORTUNITIES FOR YOUTH PROGRAM 1971

PROJECTS SUBMITTED BY BOY SCOUTS OF CANADA—SUPPLEMENTARY ANSWER

Hon. Paul Martin: Honourable senators, on June 28 Senator Langlois tabled on my behalf answers to certain questions that had been asked at an earlier date by the honourable Senator Molson about the Opportunities for Youth Program 1971, with special reference to the Boy Scouts of Canada.

I have before me now a supplementary reply that was not ready on the earlier occasion. Perhaps I might put it on the record for the benefit of the honourable Senator Molson and other honourable senators.

The Secretary of State advises me that the Citizenship Branch provides annually up to $15,000, plus the moneys available to them through the Young Voyageur program.

In addition to the annual citizenship development grant which goes to the national Boy Scouts Association, the

Travel and Exchange Division has given the following amounts in the past five years:

1967-68	$25,000
1968-69	$39,000
1969-70	$26,000
1970-71	$23,470
1971-72	$39,433

Hon. Mr. Molson: I thank the honourable Leader of the Government for giving me the supplementary information. I have a couple of supplementary questions for him on the same score, but I will save them for another day.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, September 15, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children, including the Auditor General's Report on the financial statements of the Board, for the fiscal year ended March 31, 1971, pursuant to section 15 of the Queen Elizabeth II Canadian Research Fund Act, chapter Q-1, R.S.C., 1970.

Copies of a communiqué issued by The Canadian Wheat Board, dated September 14, 1971, respecting the sale of wheat to the People's Republic of China.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. A. Hamilton McDonald: Honourable senators, before Orders of the Day are called I would like to make a short statement with respect to the anticipated activities of this chamber and its committees over the next week or so. The honourable Senator Molson yesterday referred to rumours. There are even more rumours today than there were yesterday, but we are not always influenced by rumours.

Hon. Mr. Walker: Have you any facts?

Hon. Mr. McDonald: Facts are hard to come by. However, from the best information I have been able to obtain there is a possibility that Bill C-262—the $80 million bill, as I call it—will be passed by the House of Commons by Friday, or Monday of next week.

Hon. Mr. Beaubien: Is that Friday of this week?

Hon. Mr. McDonald: Monday of next week or Friday of this week. That being the case this chamber would be anxious to deal with it immediately, and that would necessitate our returning next Tuesday. I hope to have more concrete information by this time tomorrow, but should that be the best guess, then, we will return to deal with that bill probably on the evening of September 21.

Hon. Mr. Walker: In the cafeteria?

Hon. Mr. McDonald: No, in this chamber. If we are able to deal with the bill next week, then, in all probability the Senate would adjourn to October 4, subject to recall. This would allow us to free the chamber and other facilities in this building for the NATO meeting. During the period of adjournment the Senate will be busying itself with its committee meetings despite the fact that the house will not be sitting. The Standing Senate Committee on Foreign Affairs has set a meeting for September 22 at 4 p.m., when the Minister of Industry, Trade and Commerce, Hon. Mr. Pepin, will be the witness. That committee has a second meeting set for September 29 at 3.30 p.m., when Mr. Philip Talbot, who is the head of the Asian Society of New York City, will be the witness. The Standing Senate Committee on Banking, Trade and Commerce will meet on September 29 and September 30.

That is the best information I can give honourable senators at the moment. I hope there will be something more concrete tomorrow.

Hon. Mr. Flynn: I am in full sympathy with the deputy leader.

CRIMINAL CODE (JURY SERVICE FOR WOMEN)

BILL TO AMEND—THIRD READING

Hon. Muriel McQ. Fergusson moved the third reading of Bill S-20, to amend the Criminal Code (Jury Service for Women).

Hon. Jacques Flynn: Honourable senators, when the third reading of this bill was called on the day the Senate recessed I suggested that it be postponed until today, not because I did not want the bill to pass, for I then indicated that I would agree, and still will agree, to third reading being given, but because I wanted to check on what the legislatures of the two provinces where women were not allowed to act as jurors had done in the meantime.

I consider that the main objective of this bill was really to force these two provinces to do something about it. They have done so. On June 18, royal assent was given to a bill passed by the National Assembly of Quebec, amending the Jury Act, whereby women henceforth may act as jurors.

I know that the Legislature of the Province of Newfoundland has passed an act, further to amend the Judicature Act. I have not the date royal assent was given to the bill. The explanatory note to the bill shows that it was designed to provide that the obligation of service for juries would include, among others, women and civil servants.

Honourable senators, we have been given the opinion by the Department of Justice that the Parliament of Canada has jurisdiction in this matter, in any event as far as criminal matters are concerned. I do not doubt that.

The only point I wish to put on the record is that since 1867 the problem of the selection of juries in civil as well as in criminal matters has been left entirely to the deci-

sion of the legislatures. I do not know why. Did they consider at that time that it was ancillary to the powers of the provinces to organize the courts? It certainly is ancillary to criminal matters, of course, which are within the province of the federal jurisdiction. In any event, we may be doing something which will have no further consequence. It may not pass the other place only by our giving third reading to this bill here today. However, at least the introduction of this bill here will have had, as a result, the correction of the situation which we wanted to correct. I think we should congratulate Senator Fergusson for having done that. By giving the bill third reading we will be telling the people of Canada that the Senate has taken a stand on this matter. Even if the bill never receives royal assent, the situation has been corrected anyway, and under the circumstances we have done a wise thing.

Motion agreed to and bill read third time and passed.

URBAN AFFAIRS

PROBLEMS AND PROSPECTS—DEBATE ADJOURNED

The Senate resumed from Tuesday, May 25, the adjourned debate on the inquiry of Hon. Mr. Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.

[*Translation*]

Hon. Paul Desruisseaux: Honourable senators, I think this is an appropriate moment to address my colleagues on a matter which is currently generating a great deal of interest among the whole population.

Last June, I expressed my intention to address my honourable colleagues after Senator Thompson who, quite appropriately, drew our attention to the Lithwick Report entitled "Urban Canada: Problems and Prospects" prepared for the minister responsible for housing and tabled in early March 1971.

Since every Canadian is directly involved in this every day of his life, this is obviously for us one of our most important political as well as social and economic problems. In view of the town planning projections for the next generation, one can see its vital consequences on our future and that of our children.

Senator Thompson made a contribution to the Senate with his excellent criticism of that report. The report followed numerous studies, important articles, a large number of publications and many recommendations of commissions which in recent years have gathered for us ample information on Canadian town planning.

May I mention, by the way, some of the other most famous and most recent Canadian works on the same subject: "Urban Development in Canada", by Leroy O. Stone; "The Urban Renewal Process in Canada", published by the University of British Columbia; and "Planning the Canadian Environment" by L. O. Gertler.

It is a fact that Canada ranks today among the five most urbanized countries in the world. Like the United States, and in spite of the vastness of the country, the Canadian population is 75 per cent urban, a too large proportion of which is now considered as poor.

It is also well known that the interest shown by Canadian authorities in town planning has also grown in this country, obviously because of the increasing number of urban problems.

[*English*]

Many will remember the report of the Task Force on Housing and Urban Development submitted in 1969 to the Right Honourable the Prime Minister by the Honourable Paul Hellyer, then minister responsible for housing and urban affairs. Between 350 and 400 briefs were submitted and studied at that time. Obviously, the former minister, Mr. Hellyer, thought the problem truly important, since he himself presided over the majority of the meetings across Canada. Moreover, some ten Canadian universities saw fit to take part in the study of this report, entitled "Program of Action for an Urban Canada", and the report was tabled in January 1969. No doubt many of you will recall Mr. Hellyer's anxiety in respect of this report and his impatience to have its recommendations adopted. You will also recall that the report contained a declaration of principles in ten parts. These principles were widely discussed and evaluated; some, involving political philosophies, were quite hotly debated because they were considered controversial. The last principle enumerated can be stated somewhat as follows:

> To realize a full efficiency the urban planning must be undertaken in a realistic constitutional and geographical context as free as possible from artificial, political, economical and social encumbrances.

A great many aspects of urban development and appropriate projections were seriously treated in the report. My point is that in spite of so much concern, so much interest, so many studies and so many important recommendations, this report was set aside. It was shelved.

It was Doxiadis, a Greek planner who had made quite a name for himself, who once commented that a planner who is unable to sell his plan to the people and their politicians has no plan at all—just a piece of paper. Attention is now again directed to a new urban report—the Lithwick Report—made to the present Minister of State for Urban Affairs, Mr. Robert Andras.

I believe it would be useful to state at this time what the former minister responsible for housing, Mr. Hellyer, wrote a few months ago in an article entitled "Today's Inaccessible Housing". I quote:

> In Canada we have a Constitution that was designed for the society and problems of 1867. In many ways it has shown itself remarkable. In other ways it is antiquated and all too often its potential flexibility is denied in order to justify inaction.
>
> The British North America Act places primary responsibility for housing at the provincial level. At the same time, the federal Government has power

over monetary and fiscal policy, which is, in fact, decisive for housing and urban development.

Moreover, the patterns of urban growth are nation-wide and are simply beyond provincial power to control. The upshot of this has been a myriad of confusion and *ad hoc* arrangements which seldom take the long view.

We will surely not see for our great urban centres the vast realizations that were and are now being dreamed of by our urbanists and that were or are recommended unless we find effective ways of providing and assuring the right actions on these recommendations.

Presently we are far from using ideal Canadian guidelines in the field of urbanism, for fighting our urban poverty, for instance, and the placing of urbanist reports to be dealt with on the Greek calends, as the saying goes, alongside so many other forgotten worthwhile recommendations for the betterment of our equitable Canadian urban living. This makes us rather wonder about the possibility of our establishing comprehensive, large-scale Canadian strategic urban plans.

[*Translation*]

In town planning, one must be objective and admit that it is useless to try and achieve impossible dreams or absurdities which would but establish meaningless differences in style, very controversial concepts, doomed from the start to failure, to general criticism, such as was the case in 1967, with Habitat at Man and His World, where no account was taken of the extremes of our Canadian climate, or the comfort of the tenants, so as to enjoy more freedom in the outline of an external architectural innovation, purist and personal, but simplistic and devoid of any functional concept.

Let me take this opportunity to mention that it is also, nowadays, surprising to note in this country the obsolescence and confusion of our Canadian standards for building and town planning in all classes of society.

The majority of these appear debatable and, in too many cases, backward, obsolete, while forcing and imposing too often very ugly realizations, neither functional nor practical, and even condemnable.

Also, there is no good reason why building standards should vary, as they do now, from one province to the other, according to tastes and wishes sometimes quite peculiar and which, too often, are essentially different according to the region, city or town.

Such absurd and unnecessary differences between Canadian standards should not exist in a country where the best data and the best methods of technical assessment are available.

I, for one, am most anxious to see the recommendations and suggestions embodied in the Lithwick report implemented in the best interests of a great number of Canadians.

[*English*]

Bill C-207, enacted last June, established Canada's first Minister of State for Urban Affairs who assumed the responsibility of creating a new institution to cope with the mounting issues of a rapidly urbanizing Canada. The new Ministry of Urban Affairs is being committed by its minister, the Honourable Robert Andras, to some important and far-reaching objectives.

Mr. Andras, in a speech delivered at a conference on cities in Indianapolis in May of this year, said:

> For many of our societies abound with great designs for achieving political or administrative reforms and although the will and expertise to develop the broad policy frameworks which our complex economies and societies demand is a difficult enough process, the real test comes in seeking their implementation. The complex formal organizations, the public bureaucracies, and private institutions, as well as the fragmentation among political jurisdictions, all work to prevent changes in our traditional ways of coping with national problems, I believe the new approach to our urban planning offers our Canadians some hope that we shall now see the planned realization of useful political, social and economic recommendations on the state of our Canadian urbanization, on the possibilities of added modernized guidelines and on the help to be accorded to our Canadians toward the achievement and the realization of a Canadian urban dream, basically supported by practical, esthetical, functional and economical considerations.

We have seen its equivalent in the better periods of antiquity in Egypt. We have seen it at the time of the Romans and the Greeks, and we have seen it closer to our times in the urban horizontal architectural planning and achievements in Paris, Rome, Vienna, Buenos Aires and a few other great and beautiful cities of our world that are now, we must admit, unfortunately being gradually destroyed or damaged because of necessary *ad hoc* modern traffic arrangements.

In spite of this, Grecian, Italian, Egyptian and these other beautiful cities remain focal points of things to see because of their urban visionaries. Here the solution to new basic urban problems now calls for the installation of modern urban expressways, of more numerous and diversified urban airports in ever-increasing numbers, of urban business centres of a conception and on a scale never before imagined, of functional skyscrapers for all imaginable purposes, and of immense urban underground complexes of stores, garages, theatres, subways and crossway passages. Why should we view on our streets, for instance, quite continuously an accumulation of garbage bags and cans waiting, sometimes for days, to be carried away? Why should man be without shading trees on most streets? Why should traffic be what it is? Exhaustive and daring urban studies of these problems have been made with a view to more appropriate and corrective legislative guidelines. While it is now important to open the minds of all our Canadians to newer and bolder creative, aesthetical, functional Canadian approaches to all aspects of the urban problems, it must be fully realized that urban poverty is closely connected to the urbanization process.

Our generation will now be provided with better means through this new ministry so that it can furnish

Canada with the possibilities of wonderful achievements that will mark well our time and our wisdom.

The Honourable Robert Andras stated at the Indianapolis Conference:

> The Ministry's role as a focus and source of policy development for urbanization in Canada will have three characteristic features:
>
> (a) It will be co-ordinative in its method of developing comprehensive urban policies, based on continuing research, and primarily oriented to the federal presence and initiative.
>
> (b) It will be supportive to the current and future urban programs maintained and developed by other federal agencies and having direct influence from coast to coast. In this process, the ministry will not attempt to duplicate existing delivery facilities, nor to take them over.
>
> (c) It will be a consultative position in relation to the federal, provincial and municipal matters. The ministry is committed to developing a broadly and highly visible and continuing consultative forum and process involving the federal Government, the provinces and the municipalities and urban communities in order to build the broadest possible understanding for the process of urbanization and, thereby, initiating a consensus in the building of national policies and federal initiatives.

In some 30 years—just one generation—we are anticipating a Toronto with a population of 6.5 million, a Montreal with a population of 6.3 million, a Vancouver with a population of some 2½ million, and from six to ten other Canadian cities of over one million in population, each with an immensity of complex urban problems.

It makes a frightening and alarming urban picture in our minds, especially if we add the accompanying urban poverty. Yet, with adequate achieved and corrective planning, it can be accepted as a pleasurable, seductive and thrillingly beautiful picture. It is sad that in the past the best urban planners, the best urban dreamers, in Canada, as everywhere else, have very seldom brought about the realization of their dreams for us. We know with computerized certainty what is anticipated in the year 2000. I am glad we will not discard these new Canadian plans on urbanism. Such plans have the additional advantage of providing much needed employment. It remains true that when, as, and if, they are achieved and realized, they will then appear to posterity as the best real values that we, as individuals, left behind as cities, and as a country. They are what remain of note behind us; what there is to admire through time by the worlds of tomorrow, by Canadians of future generations.

The young, famed and renowned Vancouver architect, Arthur Erickson, the designer of the award-winning Expo 70 pavilion, the co-designer of Fraser University, and recent winner and recipient of the 1971 $50,000 Royal Bank Canadian achievement award took the occasion of the acceptance of the award to attack the gridiron pattern of present urban designs which he said is geared to real estate and industry and not to the needs of the people. He also took this occasion to attack the fragmentized nature and isolationist philosophies of cities and their planning by saying:

> If we are going to ask our cities to be worthwhile habitats for man, man has to have the priority. This has not been the case in North America.

The city, in its ugly, chaotic sprawl only reflects back our indifference to it—electric wires on wooden poles do visual violence to our views, as do wastelands of parked cars in the hearts of the cities, and deserted streets because the streets are not for people but grim sunless spaces between lowering edifices. Our priorities have not been for cities designed for man.

Much can be gained for Canadians by making every one of our citizens conscious of the studies and other Canadian reports on urbanism, and by projecting the image of what should be the design of our cities in the next decades. This seems to me to call for a major priority approach, and I make a strong plea for the implementation of their suggestions and recommendations.

On motion of Hon. Mr. McDonald, debate adjourned.

FOREIGN AFFAIRS

PACIFIC AREA STUDY—PROGRESS REPORT OF COMMITTEE —DEBATE ADJOURNED

The Senate resumed from Wednesday, May 5, the adjourned debate on the inquiry of Hon. Mr. Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.

Hon. Paul Martin: Honourable senators, I was away from Canada for a few days at the end of June and at the beginning of July, the focal point of my mission being to represent the Government at the inauguration of the President of the Republic of Korea.

I would like to take this opportunity to thank the Leader of the Opposition, (Hon. Mr. Flynn), Senator McDonald and other honourable senators for the co-operative way which they allowed me to leave at that time, when there were some important measures before the Senate. I want them to know, the Leader of the Opposition in particular, how grateful I am for the co-operation extended to me in the last days of June.

I have again been fortunate in the coincidence of my responsibilities as a member of the cabinet with the responsibility with which the Senate has charged the Standing Senate Committee on Foreign Affairs.

Last December I reported to the Senate on a government mission I had led to inquire into the state of our relations with Commonwealth Caribbean countries, a mission that took place after the publication of the study on the recommendation of the Standing Senate Committee on Foreign Affairs on that question. This session the Standing Senate Committee on Foreign Affairs, under the chairmanship of Senator Aird, has undertaken a study of the Pacific; that is to say, our relations with the Pacific area. My mission to the Far East followed on the hear-

ings of that committee, though it has preceded in this instance the publication of the committee's report.

I was pleased that the Senate charged the Standing Senate Committee on Foreign Affairs with the task of looking into the state of Canada's relations with the Far East. It was not an area that had been exhaustively covered in the booklet on the "Pacific" in the Government policy paper entitled "Foreign Policy for Canadians", bearing the authorship of the Secretary of State for External Affairs (Hon. Mr. Sharp), which on his behalf I tabled in this chamber on June 25 last year.

When the Standing Senate Committee on Foreign Affairs agreed to accept the Pacific area for its terms of reference in the current session, it enabled the Standing Committee on External Affairs and National Defence in the other place to forbear from holding hearings on the Pacific in that committee's inquiry and assessment of the policy papers entitled "Foreign Policy for Canadians". The Standing Senate Committee on Foreign Affairs has thus had an excellent, exceptional and, I may say, unchallenged opportunity to concentrate governmental and public attention on its own work in this area, which is opening up as one of the vital areas for Canada.

For my own part, the chance that I was asked to undertake this mission to the Far East has enabled me to keep abreast of the committee's work more easily than perhaps might otherwise have been the case.

I may say that I stopped off in Japan on my way to Korea, which was my primary point of assignment, and it happened that elections to the upper house, the House of Councillors, the upper chamber in the Japanese Diet, were taking place at the time I reached Tokyo. In the Japanese upper chamber members are elected for a term of six years, with elections held every three years for the retirement and replacement of half of the chamber. Although it was intended, I believe, as a non-partisan chamber, reflecting to some extent perhaps our own behaviour, in the event the House of Councillors has become much more of a party chamber than is the Senate here in Canada. Not only is less than a handful of the 252 councillors called Independent, but the party supporters themselves admittedly behave in a more partisan manner than is our custom and tradition.

The House of Councillors is also unlike the Canadian Senate in that, although there has been not more than one Canadian senator in the cabinet for many years, when I was in Japan in June there were three councillors in Prime Minister Sato's cabinet. They were the Minister of Justice, the Director-General of the Economic Planning Agency, and the Director-General of the Science and Technical Agency.

Hon. Mr. Haig: How many are in their cabinet?

Hon. Mr. Martin: I think it is 21.

When I was in Tokyo I took advantage of the opportunity, thanks to the arrangements of our ambassador, Mr. Moran, to discuss some matters with the then Japanese Foreign Minister, Mr. Aichi, whom I have known for some time. I was anxious to have some discussions with him in the wake of the elections for the upper house in Japan, and more particularly of the Okinawan Reversion Agreement that had been signed by Japan and the United States on June 17.

I would like to note in passing that the governing Liberal Democratic Party had lost a little ground in the election, particularly in the Foreign Minister's own area, because of the low price on surplus rice, which led to the defeat of the candidate in the constituency where the Foreign Minister himself resides, and which he represents in the Japanese Diet.

I had occasion to see him last fall when I was in Cairo at President Nasser's funeral. It was interesting for he and I to discuss certain matters that have evolved in the meantime. He was able to brief me on the negotiations for the remission of Okinawa to Japan, of which he was the chief negotiator. The results of these negotiations were naturally very satisfactory to him. I need not emphasize how significant and important that particular negotiation and its results were for the Japanese people at a time when they are so anxious to recover to the fullest possible extent, short of military power, the status they had formerly occupied as an important power in Asia.

I reminded Mr. Aichi that the last time I was in Tokyo as Secretary of State for External Affairs I had discussed with the then Japanese Foreign Minister the question of bilateral relations with the People's Republic of China, and the possible membership of that government in the United Nations. I had explained at that time that Canada was moving forward towards bringing Peking into greater contact with other powers in the world, an initiative which had not then been entirely welcomed by some of the countries friendly to us. I recall very well the reaction at that time of Prime Minister Ikeda, who looked upon a public comment by the Foreign Minister of another country in Japan at that time as giving encouragement to a discussion which at that moment was not thought to be propitious or in Japan's interests. Much water has flown over the dam since, including the initiative of Prime Minister Chou En-lai and Mr. Nixon, the President of the United States. The international climate last June was more favourable to the People's Republic of China than at the time I was the Canadian Foreign Minister.

Japan, as we all understand—and I emphasize this —is fairly close to Taiwan geographically, has many ties with that island, and has a considerable trading relationship. It was evident that although Japan was interested in an overall settlement in East Asia, and specifically in a solution of the problem of bilateral relations with the People's Republic of China, the issue was sufficiently controversial in Japan that initiatives would be unlikely to emanate from that quarter.

Since my return to Canada, Mr. Aichi has retired as Foreign Minister. He has been replaced by Mr. Takeo Fukuda, whom I used to know when he was Minister of Finance. Mr. Fukuda has been in Canada during the past three days. He and his colleagues in the Japanese Government are now in Vancouver, on their way back home. I am sure that the discussions which Canadian ministers had with the Japanese ministers were useful on a wide

front, not only in the matter of foreign policy but more particularly at this time in respect of international economic matters. These are very much in our minds, as they are in the minds of most people in this country, when we take into account the course, the posture, we wish to take and must assume in the face of the important policy decisions taken by the Government of the United States in its international trade relationships.

It is significant that at the meeting in Toronto of Canadian and Japanese ministers on Monday and Tuesday, there was a wide discussion between the ministers of the two governments, indeed as there had been between Japanese ministers, the same Japanese ministers, and their counterparts in Washington at the end of last week.

This is not a time for ill-considered observation. Obviously it is a time of great importance to all nations dedicated to a multilateral approach in the trade of the nations. We will have occasion—when the compensatory bill, designed to maintain employment at the level of August 15, comes before us—to discuss this matter in that particular context. I am sure that all of us in this house, and others elsewhere in the world now, are taking account of the consequences of actions being taken by our friendly neighbour as a result of the international exchange position and the trade position in which it seems to find itself.

Mr. Fukuda is an important member of the present Government of Japan. He is not only its Foreign Minister, but an important leader in the Liberal Democratic Party of Japan. His views on the international problems of that area of the world may not be very different from his predecessor. He has had a pleasant and continuous working association—as I know from the talk I had this morning with Mr. Sharp—with Canadian Government representatives.

When I was in Japan I had a talk also with another old friend, former Foreign Minister Miki, whom I first met in 1964 in connection with the Canada-Japanese meetings. His assignment at that time was Minister of International Trade and Industry. Honourable senators will recall his visit to Ottawa in the spring of 1970, when we recognized his presence in the Senate gallery.

Honourable senators, when I was in Tokyo I was able to go, incidentally, through the International House of Japan, and talk to its director Dr. Matsumoto. His institute is analogous to the Royal Institute of International Affairs in London, England, which, as senators know, is known as Chatham House, though Chatham House does not possess living accommodation, whereas International House of Japan does.

I found it was a useful centre for parliamentarians, for academics, for businessmen and other members of the interested public, to be able to get together to listen to lectures and to work together in study groups on current international problems.

The work of the Canadian Institute of International Affairs in Canada—particularly its work here in Ottawa, and its relations with Parliament—is something that our Foreign Affairs Committee in the Senate is familiar with. It is doing some of the kind of work that is being done by its counterpart in Japan. Tokyo and London, of course, are the capitals of small but densely populated countries, and the co-location of the governmental and commercial centres makes that kind of arrangement more workable than in a country like Canada, with our vast spaces. The circumstances in Canada, for the application of the institute as I saw it in Japan, as I know it to exist in England, may not be comparable here in Canada. I am not so sure that that kind of establishment, at least on that scale, would be viable here in Ottawa at this juncture.

There was one centre which I saw that did impress me very much. I am referring to the Gaimucho Entertainment Building, as it is called, that is to say, the official reception centre of the Japanese Foreign Ministry. It is a large building, beautifully decorated, and with rooms for entertaining visiting dignitaries as few in number as two or three, or as many as two or three thousand. Anyone who has held the portfolio of Foreign Affairs will recognize this entertainment problem, but I recognize that it is one which is not fully appreciated by others. I am happy that we ourselves in Canada are now constructing, on Sussex Street, a very fine building which will be able to accommodate our foreign service. It is not, however, an entertainment centre.

Those of us who go to other countries realize that we certainly are not in a position to vaunt with much pride the facilities that we have, in relation to what they are able to provide. Sometimes the public find it hard to understand why public buildings cost what they do, why foreign service departments spend as they do—failing to recognize that it is an essential role for a country that wishes to occupy an influential place in its relations with other countries to have the necessary facilities.

Other government departments in Japan, such as the Trade Ministry, have similar buildings to the one I have just mentioned. There they receive and have discussions with visitors from all over the world. I have no doubt that this is a facility that we shall increasingly have to develop in Canada. We are not one of the poorer countries. We are one of the more important countries, and I think the time has come when our horizons should be directed along these lines more than in the past.

It was my impression while in Tokyo that such a centre would be quite beyond the present resources of the Canadian Government. However, a day or two later, while in Korea, I discovered that the Korean Government operated a government reception centre, which it called a guest house.

I do not believe that different ministries in the Republic of Korea can boast of having their own guest house, but the government as a whole owns and operates a reception centre for the handling of official gatherings.

I suppose that there is the risk that a government reception centre in Canada might appear to be too lavish an enterprise and wasteful of taxpayers' money, but in the Far East it is regarded as cheaper than renting reception rooms in large hotels. It certainly was my experience, when I was responsible for foreign affairs in

this country a few years ago, that cumulatively renting becomes rather costly.

Canada is interested in Japan, which is now our third trading partner, and which might easily become our second best customer. It is important that we should know Japan and her people, and have close contact with the members of the government.

Construction of new buildings is something that one sees all over Tokyo, and appears to be going on all the time, from sunrise to dusk, on weekdays and on holidays. This tremendous industry, combined with the rising but still relatively low wage structure, plus working in extremely modern and up-to-date plants, have combined to provide Japan with its impressive productivity, which, I am sure, is something that we in Canada and the United States note with great envy.

In 1968 Japan surpassed West Germany in its gross national product, and in the view of some analysts, notably Herbert Kahn, the Soviet Union and the United States should expect to be overtaken by Japanese growth within a measurable number of years.

Japan does not rate as highly in per capita income. By its own calculation, Japan was about nineteenth in the world in per capita income in 1969. Perhaps that figure is misleadingly low, since Japanese employment practices provide for very high bonuses and other material rewards which are not incorporated in their official wage picture.

In mentioning Mr. Kahn's prediction of Japanese future growth, I am not endorsing it. Mr. Kahn's method is to take the growth of the 1950s and 1960s, and to project it at the same rate for the next 20 years. This is starting from a low base point, using a limited and not necessarily typical period of growth, and assuming that that rate will continue for years ahead. When one looks at Japan's growth over a whole century, rather than over two decades which involved recovery and development from the devastation of the Second World War, the Japanese growth rate is not quite as incredible as it has appeared in recent years.

I notice that in the fiscal year 1970-71, which ended March 31, 1971, the Japanese economy expanded by 9.9 per cent. The figure for 1969-70 was 12.6 per cent. If one uses an adjusted rate over several years in the late 1960s, one arrives at a figure of 14 per cent.

I find it difficult to regard an expansion of an economy at 9.9 per cent in a year as a recession, but that term was used in Japan when I was there in the month of June. We can, of course, sympathize with the problem of the Japanese Government in finding jobs for a massively increasing labour force, a problem which we face also in Canada and which exists to a large extent in the United States. In Canada we require a considerable increase in the national product and in labour-intensive projects to keep our rapidly expanding labour force occupied.

I should now like to speak briefly about my mission to Korea. As I said earlier, I had gone there to attend the third inauguration of President Park, who has been the dominant political figure in Korea since 1961.

[Hon. Mr. Martin.]

Canada enjoys happy and useful diplomatic relations with that country, and Korea has a resident ambassador in Ottawa. We do not have a resident ambassador in Seoul. Our ambassador in Japan is accredited to the Republic of Korea.

The Canadian Government felt, as have the governments of other countries, that it wanted to demonstrate to the people of Korea its regard for them by having a member of the Government attend the third inauguration of the president. The ceremony was attended by representatives of many other governments, including the vice president of the United States. The event was celebrated at ministerial level by other nations, and the Government of Canada recognized that our friendship with the Republic of Korea dictated that our representation should be at an equivalent level.

Canada was one of the eight nations on the United Nations Temporary Commission on Korea in 1948, which attempted without success to supervise elections throughout the whole of Korea.

Because of the co-operation the United Nations received in the southern part of Korea, Canada supported the General Assembly Resolution later in 1948 which constituted official recognition of the Republic of Korea.

During the Korean War over 22,000 Canadian troops served in that theatre. For the past 21 years the United Nations Commission on the Unification and Rehabilitation of Korea has sought the establishment of a unified, independent and democratic government in all Korea, a goal which Canada has steadily supported.

Unfortunately Korea is a divided state. Had it not been for the difficult weather I would have gone to the demarcation line, to the demilitarized zone. It has for me very intimate memories, because I had something to do with the discussions in the earlier stages that led to the Korean Armistice.

In addition to being personally involved in many of the decisions as a member of at least two Canadian governments, I enjoy at the present time the privilege of being patron of the Canada-Korea Foundation, the principal organization that has been established in Canada to foster good Canadian-Korean relations. Its equivalent in Korea is the Korea-Canada Cultural Association, an organization to which I spoke in Seoul on July 2.

Yesterday, within the precincts of Parliament, I welcomed some 50 students from Montreal who had spent the summer in Korea as exchange students. They had gone there to see something of the country, as well as to assist the people of Korea in some of the country's building enterprises, and even in their agricultural pursuits.

I had hoped to pay my respects at the Canadian cemetery near Pusan, which is a permanent testimony to the 1,500 Canadian casualties in the Korean War. I had also hoped to visit the Commonwealth cemetery near Panmunjon at the demilitarized zone. Both of these trips of homage fell victim to the monsoons, which arrived a little early this year and restricted my movements. I was, however, able to visit the National Cemetery of Korea, which is located just outside the capital city of Korea. It is the burial ground of Korea's military heroes and dis-

tinguished citizens, such as the late Syngman Rhee, who was President of the Republic of Korea for three terms until 1960.

There is only one foreigner buried in that cemetery, and I am proud to say that he is a Canadian. He was the late Dr. Frank W. Schofield, a missionary from Guelph, Ontario, who devoted many years of his life to Korea. He was a specialist in preventive medicine, served on the staff of the Seoul National University, and died a year or two ago at a ripe old age. He is not perhaps quite as legendary in Korea as Dr. Norman Bethune is to the people of the People's Republic of China, but he is perhaps the Canadian best known to Koreans. It is a real tribute to Dr. Schofield that the Government of Korea sought to have him buried in the National Cemetery of Korea, and I was fortunate to be able to do honour to his memory by placing a wreath on his grave. He is recognized as a national hero of that country.

Even if my attempts to visit farther points in Korea were aborted by the rains, I was fortunate to have seen at least a little of the life outside of Seoul. Seoul, which after the Second World War was a city of perhaps a million people, has now grown to four or five million. With its industries, high rise buildings and luxury hotels, to see Seoul is perhaps no more to know Korea than to see Montreal is to know Canada. The gross national product of Korea has increased at an average rate of almost 10 per cent annually in real terms from 1962 to 1970, attaining a level in American dollars of some 8.4 billions in 1970. Over 60 per cent of its exports are now in manufactured goods. This represents a real development of the urban sector, but at the expense of a growth in disparities and wealth between the urban and rural areas.

The Korean Government is well aware that its successes to this point have been concentrated in the great cities like Seoul and, more recently, in Pusan and other centres. In his inaugural speech the President of Korea said that in the years ahead he wished to place, and I quote:

> ...Korea in the upper ranks of the intermediate advanced countries by modernizing the nation's agricultural and fishing communities.

Korea is approaching the point of economic self-sufficiency, but its future development will have to be carefully regulated, as President Park well knows. Unemployment, population pressures, low domestic savings and inflation remain as economic problems. The country continues to run a large trade deficit which in 1970 was of the magnitude of $1.1 billion.

Hard work, entrepreneurial skill and good training have contributed to the sense of pride and self-confidence one encounters in visiting Korea. The President forecast in his inaugural address that by the mid-1970s Korea would have become strong enough to achieve unification. Whether this may prove possible of fulfilment I do not know, but it is certainly not the product of defeatism. The Vice-Minister of Foreign Affairs of Thailand, with whom I held some very useful discussions, was as impressed as I was by the Koreans' ability and reliability. He anticipated that countries like Korea and Thailand would increasingly stand on their own feet economically and politically.

No one who knows Asia well can help but be vitally impressed with the economic power of Japan, of Thailand, of Taiwan and of the great potential of a country like Korea. There are other Asian nations I could mention. For a country like Canada, a Pacific country, this has great meaning for the future.

I did not detect when I was in Korea any particular turning towards the People's Republic of China. I found, of course, a great deal of interest in Canadian policy in that respect. The Korean Government was, nevertheless, keenly aware of the direction of international trends. There are three sentences in the President's speech which I should like to read to the Senate. He said:

> With this foundation, the time has come for us actively to participate in the channeling of the new international currents of the will to peace. It is within these currents that we must seek ways to achieve our national goals. A great change is taking place around us, as indicated by the rise of a so-called mood of thaw between east and west, and the initiation of efforts for rapprochement between the United States and Communist China.

Whatever those words were intended to mean, they are there for interpretation. I look upon them as significant words, coming from the President of Korea. That speech was not only the first occasion on which the Government of Korea spoke positively about the People's Republic of China, but it is in itself an affirmative statement. The President not merely took note of the rapprochement between the United States and China, but indicated that it was in this direction that Korea would be seeking ways to achieve its own national goals. This speech, I may remind honourable senators, was delivered a fortnight before President Nixon's announcement that he intended to visit Peking.

Neither Canada nor Korea is in a position to control the development of international relations in the Far East, but both countries have been alert to discover what role China would play, and to assist that role to be as constructive and stable as possible.

Canada and Korea have also been concerned to maintain the steady expansion of their bilateral trade. Korea's international trade has been expanding at an even faster rate than its gross national product, and Canada's role in that trade has steadily mounted. As recently as 1965 Korea ranked 116th of our 138 trading partners. By 1968 Canada ranked as the 13th most important nation from which Korea was importing. By 1970 total trade between the two countries was 20 times the inauspicious level of 1965.

There is plentiful evidence of the importance the Canadian Government attaches to our Far Eastern relations. Our trading figures with that region afford convincing testimony of the growing relationship. In 1953, the year before Japan's accession to the GATT and the signing of the Canada-Japan trade agreement, bilateral

trade between the two countries amounted to $132 million. By 1970 trade had expanded ten-fold to $1,377 million. In Canada, Japan now ranks after the United States and the United Kingdom as our third most important trading partner. In Japanese perspective, Canada ranks after the United States and Australia as Japan's third most important supplier.

Canadian-Korean trade is at a more modest level, with the most-favoured-nation agreement between the two countries dating only from 1966. Bilateral trade has, however, jumped from approximately $1.5 million in 1965 to over $33 million in 1970. Canada follows the United States, Japan, Vietnam, Hong Kong, and West Germany as the sixth most significant purchaser of Korean exports. The 1970 trade figures also indicate that we are tenth highest in terms of countries importing into Korea.

Fifteen months ago the foreign policy paper entitled *Foreign Policy for Canadians,* predicted that the Pacific area was likely to continue to experience more rapid economic growth than the world at large. So far that prediction appears to be still accurate. The White Paper also said:

> With a vast and varied potential, the Pacific area offers great challenges and opportunities for the growth of economic and commercial exchanges. The extent to which this potential can be developed will depend not only on deliberate and concerted efforts to understand and cater for the needs of the Pacific region markets, but on the establishment of a climate which minimizes conflict and instability.

That assessment remains equally valid, and the Government can claim to be contributing alike to the development of trade and to the reduction of conflict.

Some months ago when Canada recognized the People's Republic of China, a number of other countries clearly followed our lead. With the announcement last July of President Nixon's projected visit to Peking, the most crucial readjustment in Far Eastern political relationships appears to be in process of fulfillment.

During the past year the Canadian Prime Minister, the Minister of Finance, and other ministers have journeyed to the Far East. The Minister of Industry, Trade and Commerce led a mission to Hong Kong and China at the time that I visited Japan and Korea, and our colleague, Senator McNamara, was a member of that delegation. We travelled together as far as Tokyo where our paths diverged. They went to Peking while I went on to Seoul from Tokyo. I understand that we can look forward to a report from Senator McNamara tomorrow on that important mission, of which he was a distinguished member. We have also had the advantage of the observations and reactions of the national leader of the Progressive Conservative Party, who spent some time in China and Japan in the month of July. Many businessmen also have visited the Far East, and many more will do so during the coming months.

It has not taken very many years for Canada to discover that it has very deep roots in Asia. We have always been a Pacific power, but the full implication of that has dawned on us only within recent years. I remember as a schoolboy reading of a visit of a former Canadian Prime Minister to India when he was Deputy Minister of Labour. To me at that time India seemed just as far away as I am sure it did to my contemporaries. Even before the beginning of World War II Asia did not have for us the significance that it has today. Our relations, of course, with the Commonwealth portions of Asia gave us contacts that were important and vital for the evolution of our foreign policy experience. Our relationships with Australia, New Zealand, India, Ceylon, Pakistan, Malaysia, and Singapore have given us strong attachments in Asia. These attachments continue to play a very important and very significant part in our foreign policy and have influenced greatly our approach to world problems. Now as a result of greater interdependence brought about by scientific achievement and the efficiency of the airplane, Asia is much closer to us, and the countries I have spoken of today have taken on a relationship of special significance, not only in terms of our trade interests but in terms of our political obligations as a country that wishes to make a solid contribution to international collaboration.

A stable political relationship, both for the preservation of peace and for the development of trade, is our aim. I should like to think that my visit, and the other visits to which I have referred, together with the report of the Standing Senate Committee on Foreign Affairs concerning the Pacific area, will contribute in some way to the furtherance of these aspirations which so many of us hold in common.

On motion of Hon. Mr. McNamara, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, September 16, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of Agreement dated August 11, 1971, between the Government of Canada and the Province of Alberta under the Agricultural and Rural Development Act (ARDA), chapter A-4, R.S.C., 1970. (English text).

Copies of joint communiqué issued following the Sixth Meeting of the Canada-Japan Ministerial Committee, held at Toronto, September 13 and 14, 1971.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO SIT DURING ADJOURNMENTS

Hon. A. Hamilton McDonald moved, with leave of the Senate and notwithstanding Rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit during adjournments of the Senate of more than one week.

He said: Honourable senators, when I presented such a motion on Tuesday last on the Foreign Affairs Committee, the Leader of the Opposition (Hon. Mr. Flynn) asked me why it was necessary. To be quite honest, I did not know the reason, but I got away with it. I now refer Senator Flynn to Rule 76(2) and (3) of the Rules of the Senate, which gives permission for select committees to sit up to one week, but for anything which exceeds a week they must have permission of the Senate.

Hon. Mr. Flynn: I looked at the rule and found out that we were both wrong.

Hon. Mr. Beaubien: Are we going to have an adjournment of more than a week? Is that what you are telling us?

Hon. Mr. McDonald: A statement will be made a little later in the day.

Motion agreed to.

PUBLIC WORKS

POST OFFICE CONSTRUCTION IN WOLFVILLE, NOVA SCOTIA—QUESTION

Hon. Frank C. Welch: I have a question I would like to ask the Government Leader (Hon. Mr. Martin). I am sorry to burden him with the task of trying to obtain a reply for me, but I have had no success with the Department of Public Works. I directed my request for information to them in June; I repeated it in mid-July and again in mid-August; it is now mid-September, three months later, and I am still without a reply.

What I would like to know is:

1. Whose idea was it to have the Government build a new post office in the town of Wolfville, Nova Scotia?

2. What was the reason for having a new post office in Wolfville?

3. How much did it cost?

4. Was the cost of removing the old post office part of the contract to build the new one?

5. If not, how much did the removal of the old one cost?

6. Was the cost of landscaping included in the building contract? If not, what did the landscaping cost?

7. Who was granted the material from the old building?

Hon. Paul Martin: Honourable senators, I regret that the honourable senator has had difficulty in getting responses to these questions. I will endeavour to see if I can do better.

Hon. Mr. Choquette: I do not think you can. The civil servants ignore us parliamentarians all the time. They are running the country. We know that. I hope you admit that.

Hon. Mr. Martin: Once the Leader of the Government intervenes, I hope the honourable senator realizes that the circumstances could change.

THE SENATE

USE OF CHAMBER BY INTERNATIONAL ORGANIZATIONS

Hon. A. Hamilton McDonald: Honourable senators, before the Orders of the Day are called, there are two brief matters I would like to bring to your attention. First of all, I have a statement to make with respect to the use of this chamber by organizations other than the Senate itself.

On Tuesday, September 14, the honourable Senator Molson brought to the attention of the Senate the question of making the facilities of our chamber available to international bodies, in particular to interparliamentary associations on the occasion of their annual conferences. Senator Molson made no objection to such a practice but suggested, and rightly, that the Senate should be consulted on such occasions.

We all agree, I think, that during a prolonged adjournment, consultation is rather difficult. In such a case, it has happened that His Honour the Speaker and the

Leader of the Government in the Senate had to make a decision regarding the use of our chamber by outside organizations.

If the adjournment is from a Thursday to the following Tuesday, it is sometimes possible, to accommodate certain international associations; but we have to keep in mind that the Senate may be called at any time to sit from Monday to Saturday to give immediate consideration to important measures from the House of Commons. That is why, in such circumstances, whenever we receive a request to use this chamber for meetings of an international character, if an affirmative reply could be given it has always been done with certain reservations. International associations concerned have been asked to find alternative meeting places in case the Senate should be called to sit at the time scheduled for such meetings.

This having been said, I now wish to inform the Senate that the International Association of French-Speaking Parliamentarians asked permission a short time ago to use the Senate chamber for the inaugural ceremonies of its Third Annual Meeting tomorrow, Friday, September 17, at 3 o'clock in the afternoon.

There has been no firm commitment in that connection either by His Honour the Speaker or by the Government Leader because there was a possibility of the Senate meeting at that particular time to consider certain government measures from the Commons. It now appears that we will not be receiving that legislation immediately.

Although the association of French-speaking parliamentarians would have been able to meet at some place other than the Senate had our chamber not been available, I think we all understand that it is preferable that they should meet in this chamber. It is the practice for all countries to make their legislative chambers available for interparliamentary association meetings.

I am placing these facts before honourable senators for their consideration. If there are no objections to the use of the chamber by the aforementioned association, it will be informed accordingly.

May I suggest that the Internal Economy Committee look into the possibility of establishing a definite procedure concerning use of this chamber by international organizations or for other purposes and report to this chamber accordingly.

In closing may I quote from the speech delivered in the Senate by the honourable Senator Roebuck on March 19, 1969, regarding the use of the Senate Chamber by committees:

> Honourable senators, there are many precedents for the use of the chamber for purposes other than sittings of the Senate itself. For as long as I can remember we have had meetings in this chamber of such bodies as the Commonwealth Parliamentary Association, Federal-Provincial conferences, and very soon I understand there is to be a meeting of the Speakers of all the legislative bodies of the Commonwealth. They will be accommodated in this chamber and entertained here. I am sure they will go away with a much better impression than if they were received in any other place in Ottawa or, for that matter, in all of Canada.

If there is any comment with respect to the statement I have just made, I am sure we would all like to hear it now; otherwise I should like to deal with the program for the next few days.

Hon. John J. Connolly: If honourable Senator McDonald does not mind my saying so, I think we should consider seriously the business of allowing this chamber to be used for non-legislative purposes, regardless of the fact that on other occasions it has been done. It may be fine to allow such use for parliamentary purposes, but I draw to the attention of the Senate the type of experience that I am sure all of us have had in other countries. I can remember a meeting of the NATO parliamentarians in Washington some years ago. It is now called the North Atlantic Assembly. That is the body that is meeting here. But we did not meet in the Capitol. We did not meet in the Senate chamber or in the House chamber. We met in a splendidly-appointed room which had all the facilities necessary. There was a loud-speaker system and I think a translation system. Indeed, the facilities were completely adequate.

Now, I submit that we have such facilities here in Ottawa, other than the Senate chamber. We have the Railway Committee Room, for example, which was well refurbished when the present Governor General was Speaker of the House of Commons. Good translation and microphonic facilities can be installed in that room quite easily. We also have the large and rather ornate room in the West Block in which recent federal-provincial meetings have been held. Representatives of the Council of Europe were received there last winter. The facilities there are extremely good. In addition to that we also have in the old Union Station a facility that is used by federal-provincial meetings as well as by ministerial meetings. All of these are very good facilities.

I must say that I have been caught a bit by surprise by the suggestion from Senator McDonald that we should hear views now. But, regardless of not being any better advised than I am, after listening to what Senator McDonald has had to say I should think the use of this chamber by anybody but the S nate should be allowed only in very exceptional circumstances. If it is allowed, it should be only as a very exceptional case.

Some Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): I am not prepared to judge or to say what those cases of exception should be. In my opinion the Speaker and the leaders should be the ones to decide that, and it should be up to them to consult others as to what steps should be taken.

The Hon. the Speaker: Honourable senators, since honourable Senator Connolly (Ottawa West) has made reference to intervention by the Speaker in a case of this kind, I should like to inform the Senate that I have looked at the precedents and I have failed to find any clear policy for dealing with situations of this kind. Per-

sonally I feel that this is a subject which could be usefully discussed by our Internal Economy Committee and perhaps we should take time to discuss it thoroughly in the Senate itself. I think it would be of tremendous help to the Chair and to both leaders if a clear policy could be adopted in this matter, and, of course, such policy should be adopted by all honourable senators who are the ones most directly concerned.

However, honourable senators, that is the situation as it exists at the present time, and personally I would very much like to see a clear policy established so that in future we may be able to deal with requests of this kind, particularly when they deal with the use of the Senate chamber during adjournments.

As I say, honourable senators, I think it would be worthwhile if our Internal Economy Committee examined this matter.

Hon. Paul Martin: I welcome the intervention of Senator Connolly (Ottawa West) in this discussion. I think he has expressed what most of us feel. We must keep in mind that this is one of the Houses of Parliament, and generally the use of a House of Parliament is a restricted one. This certainly is the case in the United Kingdom and it has been our tradition in both this chamber and the House of Commons.

Referring to the suggestion of Senator McDonald that the International Association of French-speaking Parliamentarians should meet here tomorrow, let me point out that since they are a parliamentary group they would be more than welcome to have the use of this chamber. I agree completely with the view expressed by Senator McDonald in asking the Senate for its concurrence. But it is also my view that Senator Connolly has raised a valid point. I feel it would be extremely useful to have this matter examined carefully by the Internal Economy Committee so that in the absence of any clear precedent a definite policy can be established.

I believe that the meeting under the auspices of the North Atlantic Treaty Organization to which Senator Connolly referred a moment ago was not in fact a meeting of NATO parliamentarians, but a meeting of the North Atlantic Assembly. I remember very well that it was compos d of a body of individuals not all of whom were serving in any parliamentary or governmental capacity. For instance, the present Ambassador of the United States, Mr. Schmidt, was at that time the head of that body. It is also quite true that they did not meet within our precincts. But I should think that when an outside international parliamentary body is in Ottawa, the situation is somewhat different and we should perhaps adopt a more liberal view about the use by such a body of this chamber.

Another point which Senator Connolly regards as being important, and one which we should not overlook—although I am afraid I have overlooked it myself when requests have been put to me—is that for two years now we have had here in Ottawa, in the old Union Station, a handsome conference centre for federal-provincial conferences and many other conferences of a governmental character. Many bodies that normally apply for the use of this chamber, or that of the House of Commons, could well be accommodated there. That is something that the Internal Economy Committee might bear in mind when it comes to consider the question in substance.

Hon. Rhéal Belisle: Honourable senators, I want to make it quite clear that I have no objection to this chamber being used for any good purpose which the Leader of the Government and His Honour the Speaker feel is *bona fide*, in the sense that the gathering qualifies as an international conference. However, I object to having the Internal Economy Committee look into this matter. In my experience, more often than not, that committee has only created confusion in such instances, so I definitely object to its considering such a matter.

Hon. Mr. Smith: Hear, hear.

Hon. Mr. Belisle: I suggest that we appoint an *ad hoc* committee of the Senate to look into this matter.

Hon. Orville H. Phillips: Honourable senators, I want to make just one brief interjection, in order to point out that there has been a tradition in the Senate that we are among equals. I find it strange that both Senator Connolly (Ottawa West) and Senator Martin should think that the Leader of the Government and His Honour the Speaker should make the decisions. Whether it is recognized or not, there is still an Opposition in the Senate, and I feel that, as among equals, we should be entitled to a say in this regard.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Choquette: Who started all this?

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. A. Hamilton McDonald: Honourable senators, I wonder if I might attempt to qualify a statement I made yesterday regarding what the Senate can anticipate in the way of business over the next few days.

Hon. Mr. Flynn: Will it really lead to clarification?

Hon. Mr. McDonald: I hope it will be a little clearer. Today the rumours are about as strong as they were yesterday, and stronger than they were the day before.

It is almost impossible to anticipate what is going to happen with respect to Bill C-262 that is now before the other place. I know that all honourable senators wish to deal with the legislation immediately it is made available to us, but from the best information I have been able to gather from both the supporters of the Government and the members of the Opposition in the other place, really I do not have a clear indication as to when that bill will come to us.

In those circumstances, perhaps it would be advisable for us to adjourn to a later date, subject to recall at 24 hours' notice, because when the bill comes out of committee in the other place and back into the house it will

take a minimum of 24 hours for it to be transmitted to the Senate for consideration. Modern means of communication make it possible for us to advise all honourable senators in time for them to return here within 24 hours. Accordingly, later I propose to move that we adjourn today until Monday, October 4, subject to recall.

I think there is every possibility that we will be recalled. If that is the case, I hope all honourable senators will make a major effort to be here when that legislation is received. That could be, of course, next week, although none of us can predict that. The telegrams are available now in the event they are needed, and they will go out immediately. You will be given 24 hours' notice and, as I have said, I hope each and every one of you will return to give consideration to that measure. However, should it be that the legislation is not passed by the other place within the next two weeks we will remain adjourned until October 4. This will allow us to make not only this chamber but our staff available to NATO, which, I think, is in the interest of the Senate of Canada.

I assure all honourable senators that if it is necessary we will be here to deal with whatever Government legislation may come to us, but the only bill that I can think of at the moment is Bill C-262. In the interval, of course, the standing committees of the Senate, as I announced yesterday, will meet. There are facilities available for NATO and for our standing committees to meet if the Senate is in recess. The two committees that will meet during the recess are the Standing Senate Committee on Banking, Trade and Commerce and the Standing Senate Committee on Foreign Affairs. I mentioned the dates yesterday.

Hon. Mr. Beaubien: Would the honourable senator repeat the dates?

Hon. Mr. McDonald: Yes. The Standing Senate Committee on Banking, Trade and Commerce will meet on September 29 and 30. The Standing Senate Committee on Foreign Affairs will meet on September 22 and 29. Senator Martin has just reminded me that the meetings of the North Atlantic Assembly are open to other than official delegates, and senators are welcome and, indeed, are invited to take part in the proceedings that are open to the public. I hope that many senators will attend.

The joint committee on the Constitution will meet on September 21. I can only say that it is desired that senators will be on hand—and I know they will—to take part in any or all special joint and standing committee meetings during this recess.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, I move, with leave of the Senate, and notwithstanding Rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Monday, October 4, at 8 o'clock in the evening.

Of course, this is subject to recall, which is a probability.

[Hon. Mr. McDonald.]

Hon. Mr. Desruisseaux: Was October 4 or October 5 mentioned?

Hon. Mr. McDonald: October 4.

Hon. Mr. Desruisseaux: It is a Monday.

Hon. Mr. McDonald: Perhaps I might be allowed to give an explanation. The reason Monday, October 4 was selected rather than Tuesday, October 5, at 8 o'clock in the evening, is that if the bill should come to us late in the week then we would be here on the Monday rather than the Tuesday to deal with it.

Hon. Mr. Flynn: I was in full sympathy with the deputy leader yesterday when he attempted to forecast the business of the Senate, and today I am in full agreement with the decision he has taken in the circumstances.

Hon. Mr. Forsey: Honourable senators, I may be out of order and perhaps I should have risen a moment or two sooner, but may I venture to ask what conclusion we came to with respect to the use of this chamber by these other organizations?

Hon. Mr. Flynn: None whatsoever.

Hon. Mr. Forsey: I do not know whether the Internal Economy Committee is going to consider it or whether it is just being allowed to slide, or what decision is being taken in the matter. Is it going to be decided upon later, or does the statement by the deputy Leader of the Government cover the whole matter?

The Hon. the Speaker: Honourable senators, I would like to make perfectly clear that I have no jurisdiction or authority whatsoever in respect of matters of this kind. Whenever I had a request for the use of the chamber I used to send a copy to both leaders, the honourable Senator Martin and the honourable Senator Flynn, but I am complaining today, as I was during the adjournment, of the lack of a clear policy. I am as much interested as the honourable Senator Forsey in having a clear policy for the future so that the officers of the Senate as well as myself will know what to do in such circumstances.

Hon. Mr. McDonald: I hope I interpreted the feeling of honourable senators correctly when I asked for comments after mentioning the request for the use of this chamber tomorrow by the International Association of French-Speaking Parliamentarians. I gathered that there is consent to do that. However, this is by way of an interim agreement.

I made the proposal that the matter should be referred to the Internal Economy Committee.

Hon. Mr. Forsey: Honourable senators—

Hon. Mr. McDonald: If the honourable senator would allow me to finish I think I will answer his question.

The Internal Economy Committee is sensitive to the feelings of the senators generally, but regardless of that they will have to report back to the house their findings with respect to the use of the chamber and other facili-

ties. When that happens there can be a general debate, and senators on both sides of the house will make the final decision on the use to be made of this chamber.

Hon. Mr. Forsey: All this I perfectly understand. I apologize to the deputy Leader of the Government for interrupting him. I understood him to make a suggestion about the Internal Economy Committee, but unless my ears have completely handed in their portfolio I did not hear a motion. I heard a suggestion from my distinguished colleague to my right, Senator Belisle, but again he merely said he was prepared to make a motion if necessary. I stand subject to correction, but I heard no motion. Are we going to have consideration by some committee which will then report back to this chamber, or are we to be left hanging in mid-air, between earth and heaven, like Mohammed's coffin?

Hon. Mr. Belisle: I would move that the Senate name a special *ad hoc* committee of senators to look into this request.

The Hon. the Speaker: There is a motion before the house to adjourn until October 4, and I do not think we have disposed of it.

Is it your pleasure, honourable senators, to adopt the motion to adjourn until Monday, October 4, 1971, at 8 o'clock in the evening?

Motion agreed to.

THE SENATE

USE OF CHAMBER BY INTERNATIONAL ORGANIZATIONS—APPOINTMENT OF AD HOC COMMITTEE—NOTICE OF MOTION

The Hon. the Speaker: Honourable senators, I understand we now have a motion by the honourable Senator Belisle.

Hon. Mr. Desruisseaux: I second the motion of the honourable Senator Belisle, but I believe that I should say that on Tuesday last there was a discussion about this when it was emphasized that the Senate should retain its prerogative in all cases of decisions for the use of this chamber because of the accepted tradition that the senators' desks are for their use at all times. I maintain that the matter should not go to any standing committee; that if any suggestions are to be made for the use of this chamber, when it is feasible, we should be seized of the matter and take the decision here, which I am sure will be favourable in nearly all cases.

Mention was made of international groups using this chamber. I have some reservations about international groups, of which there are all kinds. Some are not liked by certain minorities who form a part of Canada. It should be—

The Hon. the Speaker: Would the honourable Senator Desruisseaux allow me to put the motion made by the honourable Senator Belisle. It is a debatable motion, and debate should take place on it.

Hon. Mr. Belisle: May I read my motion?

Hon. Mr. Flynn: With all due respect to my friend Senator Belisle, I hope he will not mind if I raise a point of order. Putting the motion at this time requires unanimous consent. I think the problem is important enough to wait until we return, to find out what has been the experience in the use of this chamber by both the French-speaking parliamentarians and NATO. We can then decide what to do, whether to send this matter to a special committee, to the Standing Committee on Internal Economy, Budgets and Administration, or debate it in this house. I think we should wait until we come back before dealing with this problem. I believe this is the proper way to settle the question.

Hon. Mr. Belisle: Am I right that when we return I can move my motion?

Hon. Mr. Flynn: You can give notice now.

Hon. Mr. Belisle: Then I give notice that I will move that the Senate choose a committee of five members to look into external requests for the use of this chamber.

The Hon. the Speaker: The honourable Senator Belisle is now giving notice?

Hon. Mr. Belisle: Yes.

FOREIGN AFFAIRS

PACIFIC AREA STUDY—PROGRESS REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the inquiry of Hon. Mr. Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.

Hon. William C. McNamara: Honourable senators, I would like to take the opportunity to participate in this discussion, but to be able to do so I will have to request you, Mr. Speaker and honourable senators, to allow me to remain seated while making my presentation.

Hon. Senators: Agreed.

Hon. Mr. McNamara: Thank you very much for this courtesy.

Honourable senators, although I had not intended to participate in the discussion covering this Standing Senate Committee on Foreign Affairs interim report on our relations with the Pacific rim countries, I have decided to do so because of recent developments confronting international trade, which I believe have made the work of this committee even more important than it was before.

Serious developments insofar as international trade is concerned have emphasized the problem of Canada's trade and, in my opinion, created an even greater necessity for us to not only expand but also to diversify trade and to look to and endeavour to enlarge our markets. Notwithstanding market potentials in South America, Africa, regular commercial markets and markets in developing

countries, I believe our best chance for substantial market development lies in the Pacific rim countries. However, before addressing myself to Pacific rim trading possibilities, please allow me to express a few personal thoughts on the serious problems confronting international trade today.

We are all aware of problems of inflation and unemployment that we are confronted with, problems that have not only affected our domestic economy but which have seriously affected our ability to compete in the markets of the world. Our Government has been grappling with these problems with some success, although many Canadians are still far from satisfied with our accomplishments to date.

Our own Standing Committee on Finance devoted a lot of time and energy to these problems last spring. They had the benefit of the views of many outstanding economists, not only Canadians but other people prominent in this field from other countries. Although all of these experts seemed to agree as to the seriousness of the situation, unfortunately to my mind—and I sat in on a number of these committee meetings—no real solutions as to how we should deal with these problems were advanced. There were many suggestions, but no clear-cut policies that would correct the situation emerged.

After sitting in on a number of these sessions, my personal reaction is that economists are people similar to the grain marketing experts. You select a group of grain specialists and ask them to study the market situation, and after they have studied world markets they will report to you that there will be a buoyant demand and that prices will rise. Another group of equally competent grain men studying the same situation will report that in their view the market will be sluggish and that prices will decline. It is then up to the marketing board, producers or traders to make their own decisions, trusting that the experts, whose advice they followed, were correct in their forecast.

However, out of these meetings of the Standing Senate Committee on Finance there was one view at least which all the experts appeared to subscribe to which greatly impressed me. This was that Canada's efforts to cope or deal with the problems of inflation and unemployment were the most successful of any country in the western world. Another opinion I formed as a result of their testimony was that inflation, unemployment and monetary problems in the United States were much more serious than the problems that we in Canada have to cope with.

I also developed a strong feeling that the economic policies in all countries were becoming outmoded and that new policies or solutions were going to have to be developed to deal with the many problems that have been plaguing the western world in the last few years. I think, however, that the main impression I gathered from the meetings of the Standing Senate Committee on Finance was that although we were in trouble other countries of the western world were faced with similar problems, and that the situation here in Canada was in no way as serious as the situation that confronts the United States of America. I have always held the view that, although Canada must retain its sovereignty, our economy has been and always will be affected by the economic situation in the United States. When they prosper, we usually are also prosperous; when they are encountering monetary inflation and unemployment difficulties, so are we. When they have international trading problems, we will experience the same difficulties.

These views which I hold will explain why I have not been as disturbed as many other Canadians about the policies and the subsequent barriers to trade that were announced by President Nixon on August 16 last. I am convinced that the Americans were forced to take drastic action to cope with their current economic problems. I am not an economist. I cannot judge whether the policies decided upon by them are the best that could be instituted or whether they will prove to be successful, but I earnestly hope they will have the desired results. If they are successful, I am satisfied that in the long run this new United States policy will be of benefit to Canada and our economy.

I hope I am not discounting the serious short-term effect that this American policy will have on our trade, particularly in so far as our export firms are concerned. There is no doubt that normal trade with the U.S.A. will be seriously disrupted, but I think that this is something we are going to have to live with for a period, which I sincerely trust will be of limited duration.

In this regard I have been pleased to note that our Government has already introduced legislation which, I believe, will be helpful in alleviating the problem that this new policy has created for us. I am hopeful that this new legislation will be approved by both houses in the near future.

I must, however, admit that I am not as optimistic today as I was when I was drafting this presentation about the effect of our new legislation and the help it will provide to our trade. Recent press reports emanating from Washington suggest that the United States may react unfavourably to the legislation we are considering and they may consider it necessary to impose further duties to nullify its effect. I cannot understand such reasoning. Surely any nation is free to institute legislation regarding its own taxation policies. But we will just have to wait and see their reaction.

If they do react as suggested in these press reports, if Congress approves new legislation in a proposal the press refers to as "Disc"—a proposal I do not fully understand —then it may be that my optimistic views about the short duration of their trade barriers will not materialize and the situation will become even more serious than I envisioned when the announcement was made.

Naturally, all Canadians do not subscribe to my views in this regard. There are some who have criticized our Government for rushing down to Washington—I think they referred to it as "cap in hand"—asking for removal of these trade barriers and asking Washington to give our position special consideration. We have a very good case for exemption and special consideration. We were not major contributors to their monetary problems nor

to their problems of inflation or unemployment. I think our Government had no alternative but to make an immediate approach to the American Government, setting out our situation. I did not feel we could expect an immediate reaction, but I had the feeling that the Americans understand our situation and as soon as they feel that some of their current trade barriers can be removed or relaxed, Canada will be one of the first nations to be given relief.

The United States are not only our friends and our neighbours, but are also our largest trading partner. We must live and work with them, and if they are to be prosperous their economy must be in good shape and we will benefit accordingly.

Some other Canadians have also criticized our Government for not taking the offensive and countering these new U.S. trade barriers with trade restrictions of our own. They suggest we should be soliciting international support to oppose these new U.S. policies. I just cannot understand the thinking of the advocates of such action. I believe action of this nature could easily promote a trade war, and there is no country in the world that would be as vulnerable in a trade war as our country.

Honourable senators, as I previously mentioned, I was not as disturbed as some other Canadians when the United States announced their new policy. I felt they had to take drastic action. If their action is successful, we will benefit, although, as I previously stated, it will create great difficulties for us in the short run.

What I am greatly concerned about is that this new policy will be continued for a much longer period than originally forecast. If these barriers to free trade are left in effect for any length of time there is no doubt in my mind that their effect on our trade will prove to be disastrous.

We will be entering a new ball game. It may develop that the progress that has been made in recent years to liberalize world trade has been arrested and that protectionism has again raised its ugly head. We, and other countries that have been endeavouring to liberalize trade, may be forced to adopt protectionist measures, which policies we have been trying so hard to avoid.

Although hopeful that these new U.S. barriers will only be retained for a short period, we Canadians cannot just sit and wait for the restrictions to be removed. Our trade with the United States of America is very, very important. It must be continued, and, I hope expanded, but we must face facts. If they continue their trade restriction policy for a longer period than previously forecast, I am afraid other nations will be forced to take steps to protect their interests. If we in Canada are to continue to be the fifth or sixth trading nation of the world, we also may be forced to institute new trading policies. We just cannot afford to sit back and hope that these trade barriers will soon be removed. Although we do not like the current situation, we must plan for the future. If, as it now appears possible, our trade with the U.S.A. is to be curtailed for some time, we must try to expand trade in other areas. I am not suggesting our American trade can be replaced, but it may be that we have been concentrating too much on the American market, that we have had too many of our eggs in one or two baskets.

Honourable senators, it is for these reasons I believe our study of Pacific rim countries, and our relations with them, including trading possibilities, is now even more important than it was when the committee's study was first instituted. This committee has already had the benefit of the views of many prominent witnesses, Canadian Government officials and representatives of Canadian industry. We have also had the benefit of witnesses from other countries.

Although, as you will appreciate, no definite trade policies have yet been enunciated, all of the witnesses have been very optimistic about Canadian relations with Pacific rim countries and our trade opportunities with them.

Many of the witnesses concentrated their representation as did the Government Leader yesterday, on markets and relationship with countries such as Japan, Australia and Malaysia, countries with which Canada already enjoys good trade. Others were optimistic and even quite excited about trade possibilities with Pacific rim countries such as Indonesia, New Zealand, the Philippines and other countries with which we have not yet developed significant trade. There is no doubt in my mind that Canada's relationship with all these countries is good, and we must be sure that we retain this relationship while at the same time further concentrating our trading efforts in these areas.

Honourable senators, let me repeat that I am not suggesting we should build up our trade with these Pacific rim countries to equal or replace our trade with the U.S.A., but there is no doubt in my mind that we can increase our trade not only in this area but also in other markets such as South America, Africa and the developing areas of the world. We are in on the ground floor, and in view of the present uncertain situation it behooves us, our Government and its agencies, and particularly our industry, to expand our interests so that, as I mentioned before, we will not be caught short with too many trading eggs in one or two baskets.

I will not take the time on this occasion to review with you, country by country, our trading possibilities, but with your permission I should like to discuss briefly my views on our relationship and trading possibilities with one of the most important Pacific rim countries, China.

I am sure most honourable senators are aware that just prior to our adjournment on June 30 I had the opportunity of again visiting China. I was a member of the trade mission led by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, which went over to China at that time. The mission included Mr. Ray Perrault, M.P., from the other place, myself, from this chamber, and senior officials not only from the Department of Industry, Trade and Commerce but also from other Government departments interested in promoting relations and trade with the People's Republic of China. Most importantly, the mission also included eleven prom-

inent Canadian businessmen representing various segments of our industry, both exporting and importing organizations, all of whom are keenly interested in developing our trade with China. Representatives of the public and private news media were also included.

The timing of the mission was excellent. It was well planned and organized. We encountered no problems and were courteously received by the Chinese. The staff work of the local officials here in Ottawa, who planned the mission, was very good.

I particularly wish to compliment our new Ambassador to China, Ralph Collins, and his staff for the excellent arrangements they made not only to receive us but also for our visit. The arrangements that they completed with their Chinese counterparts were exceptional. Most of the Canadian staff in Peking, including the Ambassador himself, had been in Peking only a few weeks before we arrived, and it was a pleasure to see how they had organized our work in such a short period of time.

I was most impressed with the wonderful working arrangements they had developed with the Chinese representative who had the responsibility of looking after us. I will discuss this aspect in more detail later, but let me tell this chamber that anyone who thinks that China is a backward country and does not know how to look after its visitors has much to learn.

Prior to leaving Canada, the mission decided, at a briefing session in Vancouver, to adopt what I would call a "soft sale" approach. It was agreed that no one was representing his own particular organization or a particular company trading in a particular commodity. We were all representing the Canadian people and Canadian trade generally. The real purpose of our mission was to get to know our new Chinese trading partners and to develop contacts which would be beneficial to the trade between our two countries.

As exemplified by our leader, Mr. Pepin, this theme was carefully observed, and I am satisfied that this posture, particularly the manner in which Mr. Pepin handled himself with the Chinese officials that we met, went a long way to account for the wonderful reception we received.

I am sure that most honourable senators are aware that Chinese trade is handled exclusively by government trading agencies. As we were scheduled to be in China for only six days, it was apparent that the whole mission could not meet with each individual trading agency. In view of this, it had been planned that our mission would be broken down into groups, with the personnel of each group selected for their knowledge of and interest in a particular class of exports or imports.

I, together with Mr. Syd Williams, our Deputy Minister of Agriculture, and Mr. Charles Munroe, President of the Canadian Federation of Agriculture, was selected for discussions with the China National Cereals, Oils and Foodstuffs Import-Export Corporation, who were responsible for the export and import of all of these commodities.

I will not take the time of honourable senators to list the other Canadian representatives who met with the individual Chinese trading corporations, but we met them all. I want to make special reference to the performance of the Canadian officials and particularly of our business representatives in each group. Morning meetings were held at which each group reported receiving a cordial and friendly reception. The Chinese were friendly and anxious to provide all the information we were seeking, and they were all very interested in trading possibilities with Canada. I am sure we all returned to Canada enthusiastic about trading opportunities.

In many cases the Chinese trading officials were invited by our groups to send missions of their own to Canada, and I am satisfied that these invitations will be responded to in the near future. I am sure that most honourable senators are aware that a mission from the National Cereals, Oils and Food-stuffs Import-Export Corporation has been visiting Canada during the last month or so. This visit was arranged prior to our arrival by the Canadian Wheat Board under its policy of bringing customers and others to Canada to see for themselves what we are producing and have for sale. I am a great believer in this type of customer development and feel sure that other Chinese trading organizations will take advantage of these invitations to visit us.

As a result of the visit of this mission to Canada, the Honourable Otto Lang, minister in charge of the Canadian Wheat Board, announced Tuesday that a further new sale of wheat had been arranged by the Canadian Wheat Board and the China National Cereals, Oils and Food-stuffs Import-Export Corporation. This new contract for an additional 500,000 tons of wheat, approximately 18,500,000 bushels of which, representing approximately $30 million, is scheduled for shipment this fall, will be very helpful to us. I am sure all honourable senators are as pleased as I am at the completion of this contract.

As I indicated previously, I am satisfied our mission to China was a distinct success. It was well organized, well led, its personnel was well chosen and, most important, its timing was excellent. There is much to be said for a government that includes businessmen and others on such missions, and, if I may be permitted to say so, in all modesty I believe that there are many members of this chamber who were previously involved in provincial affairs—business officials in their own right with personal contacts in many of the countries that trade missions are visiting—who, I think, are in a position to make a real contribution to the success of these trade missions. I hope the Government will continue—or perhaps I should say start—the practice of having representatives from this chamber included in these trade missions.

Honourable senators, several times I have mentioned that I thought the timing of the mission was excellent. This was not only because we had just recognized each other, but also because of subsequent developments between China and the United States of America. While we were in China, we were not, of course, aware that arrangements were under discussion with officials for President Nixon to visit China. This may to some degree have accounted for the warmth of the welcome we re-

ceived. I believe the Chinese, and particularly their Prime Minister, Mr. Chou-En-lai, who impressed us very much and with whom we had a wonderful meeting, took the opportunity to talk to the rest of the world through us. I am sure their Prime Minister wanted to assure Canadians that China intended to maintain its friendly relationship with us, that it appreciated the help and support we had given them over the years, and that the Chinese people did not intend to forget the relationship that had developed between our two countries. Their agreement to include in the joint communiqué that when they required further supplies of wheat they would first turn to Canada was, to me, a very significant announcement. This was followed by an announcement by their Minister of Agriculture that they would be buying more Canadian wheat this year. As the Honourable Otto Lang announced earlier this year, the purchase agreement has already been signed.

Naturally, these announcements do not mean that they will purchase all their wheat requirements from us, but they will turn first to us, and that is significant of the mutually satisfactory dealings we have had over the past decade.

Honourable senators, I am happy and optimistic about our relations with China. So far as trade development is concerned we are in on the ground floor.

Notwithstanding this attitude, do not let me leave with you the view that trade with China is the solution to our trade problems. Our relations are excellent, but we must remember that China, if not the most self-sufficient, is one of the most self-sufficient countries in the world. The latest trade figures that I have seen indicate that in 1968 China's total exports were at a level of only about $2 billion U.S., while her imports amounted to only about $1¾ billion. That is a small international trade compared to the trade of many other important and large countries.

Trade potentials exist, but we in Canada must remember that trade is a two-way street. I do not believe, nor do I think the Chinese believe, that trade between our two countries will ever be balanced. I am sure, however, that they will expect to increase their exports to us; certainly, as long as they can provide goods that we require that are competitive in so far as quality and price are concerned, they will expect their exports to Canada to increase. For our part, if we expect to continue to sell grain and other products to them, we must encourage their trade into Canada.

Honourable senators, I have concluded the remarks I wanted to make about the Pacific rim countries and my visit to China, but if time permits I should like to take a minute or two to outline to you, and to get on record, my views about the current grain marketing situation.

I am sure honourable senators are aware that during the last crop year, although prices were disappointingly low, the volume of our total exports of all grains was at a new record level. So far this year we are still enjoying a large movement out of the country. Mainly as a result of the completion of old contracts, coupled with some new sales to regular commercial markets, this movement is continuing, and it is a very heavy movement. It looks as though this heavy movement will continue at least to the end of the calendar year or to the close of lake navigation, but it is very difficult to forecast or even to be optimistic about the movement in the second half of the crop year.

World production of wheat, in fact of all cereals, is very large. Europe had an excellent crop and the United States had a very large crop. In fact, so far as the American corn production is concerned, notwithstanding some damage from the corn bug, it should exceed five billion bushels. Australia's crop is coming along well and will be larger than last year's. Again they will have a good quality of wheat to compete with us in the second half of the crop year. In so far as our own country is concerned, we have had and are enjoying a wonderful harvest. This year's prairie wheat production, other than Durum, is estimated at about 428,500,000 bushels. That is about 100 million bushels below the ten-year average, but it is about 197 million bushels above the 1970 production.

Durum wheat, fortunately, in view of the world Durum situation, is reduced from about 81 million bushels last year to about 60 million bushels this year. The production of oats is down slightly, being estimated at 271 million compared to 280 million last year.

There has, however, been a very substantial increase in our barley production. No doubt my colleague, Senator Molson, is very interested in that increase in barley production. The new crop is estimated at 613 million bushels compared to the ten-year average of about 219 million and to last year's crop, which was our largest up until that time, of 391 million bushels.

Rye production is about the same as last year. It is 22 million compared to 20 million last year.

Flaxseed production is down sharply, being estimated at 26,800,000 bushels as compared to 48,700,000 last year.

There has, however, notwithstanding the effects of the Bertha worm, been a very large increase in our rapeseed production. The estimate of the Dominion Bureau of Statistics for this year's rapeseed crop is 104,600,000 bushels as compared to last year's production of 72,200,000 bushels and the ten-year average of only 17.6 million bushels.

It will be evident to honourable senators that Canada has no shortage of overall supplies, and it is very hard to calculate where markets will develop to take care of our carryover and this new production.

The key may be the U.S.S.R. It is too early yet to estimate their production or their export and import possibilities. We know their growing weather has been quite favourable, but their problems usually are related to harvesting conditions and how they get the crop off. But it seems clear that if our exports of cereals are to be maintained at last year's levels, our markets must be expanded and I am afraid this is going to be most difficult in view of the world production and world supplies.

One thing should be noted. Last year our prairie wheat production, mainly or at least to some extent because

of the Government's LIFT program, was reduced by about 350 million bushels. Some of us feared that the increase in summer fallow brought about by the LIFT program, with some land summer-fallowed for the second year in succession, would create havoc with the land. However, it is now apparent that the land withstood this danger, and with the carryover we had on hand and the excellent yield per acre this year, we have no shortage of supplies. I am sure that many of our producers who took advantage of the LIFT program now realize that they are better off with the $60 million odd they received under this program than they would be today with another three or four hundred million bushels of wheat in store to be financed.

Hon. Mr. Burchill: Honourable senators, I rise to tell Senator McNamara how much I have enjoyed his most informative address, and to ask him to verify some figures he gave. Am I correct that he mentioned 428 million bushels of wheat as the Canadian production this year as against 615 million bushels of barley?

Hon. Mr. McNamara: That is not the Canadian production; it is the western Canadian production. I regard wheat production as being almost exclusively western Canadian. In western Canada it is estimated that 428.5 million bushels of wheat were produced as against a production of 615 million bushels of barley.

On motion of Hon. Mr. McDonald, debate adjourned.

The Senate adjourned until Monday, October 4, at 8 o'clock in the evening.

THE SENATE

Wednesday, September 29, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE SENATE

SOUND AMPLIFICATION SYSTEM

The Hon. the Speaker: Honourable senators, I must at the outset tell you I am informed that the loudspeakers behind your seats unfortunately are not functioning tonight. Bell Canada will work on this technical difficulty, and we hope that by tomorrow noon it will have been remedied. For this evening I would suggest that honourable senators use their earphones in order to follow the discussions more closely.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the names of Messrs. Matte and Rowland have been substituted for those of Messrs. Laprise and Saltsman, and that the name of Mr. Laprise has been substituted for that of Mr. Matte on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

EMPLOYMENT SUPPORT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

An Hon. Senator: Monday next.

Hon. Mr. Forsey: At the next sitting.

Hon. Paul Martin: Honourable senators, I have had a talk with the Leader of the Opposition about this matter. We have a rule of the Senate which requires that two days' notice be given for the second reading of a bill.

As a result of our discussion, I believe that the best way to proceed would be to ask leave to proceed with this bill tomorrow afternoon, and that we will do.

Hon. Mr. Flynn: We will decide this tomorrow afternoon.

Hon. Mr. Martin: I had understood that the Leader of the Opposition—

Hon. Mr. Flynn: Yes, I will agree, on the conditions that I have indicated to the Leader of the Government.

Hon. Mr. Martin: That is satisfactory.

The Hon. the Speaker: Honourable senators, with leave of the Senate, it is moved by honourable Senator Martin, seconded by honourable Senator Langlois, that this bill be placed on the Orders of the Day for second reading at the next—

Hon. Mr. Flynn: Stand.

The Hon. the Speaker: I would like to get this very clear.

Hon. Mr. Martin: We will ask for leave to proceed with second reading tomorrow.

Hon. Mr. Flynn: Leave will be asked tomorrow.

The Hon. the Speaker: Honourable senators, I would like this to be clearly understood. Bill C-262 has been given first reading. When I asked for the second reading of this bill—

Hon. Mr. Forsey: Stand.

The Hon. the Speaker: I do not know if there is a motion.

Hon. Mr. Martin: The motion will be made tomorrow.

Hon. Mr. Flynn: It stands now.

Hon. Mr. Martin: Tomorrow we will ask for leave to proceed; in the meantime, it stands.

Hon. Mr. Flynn: A motion for second reading does not have to be made right away.

The Hon. the Speaker: Then, this matter will be dealt with at the next sitting?

Hon. Mr. Martin: Yes.

Hon. Mr. Flynn: Yes.

JUDGES ACT AND FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-243, to amend the Judges Act and the Financial Administration Act.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Eric Cook: Honourable senators, I move, notwithstanding Rule 44(1)(f), that this bill be read a second time now.

Hon. Mr. Flynn: Leave is granted.

Hon. Mr. Molson: Honourable senators, might I ask the honourable Senator Cook what the reason is for the haste?

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Cook: That question is now in the hands of the Senate. I move the second reading.

Hon. Mr. Flynn: I may say that the reason we on this side have no objection to giving leave is that before we adjourned last June we had already agreed to dispose of this bill and that an order of the house had been adopted providing that we would waive the rule so far as this particular part of the bill was concerned. Therefore, I do not think it would be logical at this time to oppose second reading by requiring the usual notice, since we had agreed then that we would proceed on June 30 or before. We just have to be logical and accept the fact that we must proceed now. That is the position we take. That position does not impose any obligation on anyone else, of course.

Hon. Mr. Molson: Honourable senators, I have no objection whatsoever, but it was also agreed in this chamber that when someone asked for leave to waive a rule he would state the reason.

Hon. Mr. Walker: Hear, hear.

Hon. Mr. Cook: I must apologize, then.

The Hon. the Speaker: Honourable Senator Cook has moved second reading. Would he like to speak on second reading now?

Hon. Mr. Cook: Honourable senators, Bill C-243 is an important piece of legislation which has four main objectives.

First, subject where required to the passage of the necessary provincial legislation, it provides for additional judges and also for increased salaries for federally appointed and paid judges, as I shall outline in more detail in a few moments.

Second, the bill provides for the creation of a new category of judges to be known henceforth as supernumerary judges, and it outlines the privileges and duties of supernumerary judges.

Third, the bill alters the age of compulsory retirement in the case of county court judges and the age of voluntary retirement in the case of superior court judges.

Fourth, the bill will create the Canadian Judicial Council. I should point out that this is a wholly new concept. I shall, of course, deal with this part of the bill in more detail.

It might not be out of place to take a moment to offer a word of congratulation to the Minister of Justice, who, it seems to me, has made a number of reforms to our legal system. It is, I believe, second nature for lawyers to rely on precedent and to look mainly to the past for inspiration. The present Minister of Justice, however, has a fresh and forward-looking approach, and I believe our legal system will benefit as a result.

Now we have before us Bill C-243 which does much more than provide for new judges and for increased salaries for judges. This bill also introduces very important reforms in our judicial system.

In due course, assuming the bill is given second reading by the Senate, it will be considered in detail by the Legal and Constitutional Affairs Committee, so I will not endeavour to explain each section except in general terms.

Section 1 amends and expands the definition of "Judge" to include a "supernumerary Judge".

Sections 2 to 6 inclusive amend the present law to make financial provisions for the following additional judges.

- 5 additional judges for the High Court of Justice of Ontario,
- 3 additional judges for the Court of Queen's Bench for the Province of Quebec,
- 3 additional judges for the Supreme Court of British Columbia,
- 1 additional judge for the County Court of Nova Scotia,
- 2 additional judges for the Supreme Court of Alberta,
- 4 judges for the County Court of Ontario,
- 5 puisne judges for the Superior Court of Quebec,
- 1 judge for the Queen's Bench Division of New Brunswick, and
- 1 chief judge for the County Court of New Brunswick.

The financial provisions to which I will now refer follow, but the salaries set out are not quite so high as those recommended by a committee of the Canadian Bar Association in a report made to the Annual Meeting of the Canadian Bar Association held in Halifax in 1970.

The proposed revision is also, it might be noted, the first such revision since March 1, 1967, over four and a half years ago.

Under the bill the basic salaries of federally appointed and paid judges would be increased in two steps, as follows:

	Present Salaries	As of January 1, 1971	As of January 1, 1972
	Supreme Court of Canada		
Chief Justice	$40,000	$43,500	$47,000
Puisne Judges	35,000	38,500	42,000
	Provincial Superior Courts and Federal Court of Canada		
Chief Justices	30,000	34,500	39,000
Other Judges	26,000	30,500	35,000
	County and District Courts		
Chief Judge	19,000	23,000	27,000
Other Judges	19,000	22,000	25,000

In addition to the basic salaries set forth above, the additional salary presently provided for in section 20 of the Judges Act will be increased from $2,000 to $3,000 per annum, effective June 1, 1971, and the judges of the Territorial Court of the Yukon Territory and the Northwest Territories, as well as the judges of the Federal Court, will be paid a further taxable allowance of $2,000 per annum as compensation for special incidental expenditures.

In section 10 a new financial provision is also included to increase the annuities payable to judges' widows in respect of unmarried children in full-time attendance at a school or university, along the lines of the formula introduced in the Public Service Superannuation Act on April 1, 1969. It is anticipated that the inclusion of this provision will make judicial service more attractive to younger members of the profession.

In view of the recent declared intention of the Government to increase the number of women appointed to the Bench, an amendment has been included that will permit the Government to treat the dependants of a woman judge on the same basis as the dependants of her masculine counterparts.

Hon. Mr. Choquette: Why not?

Hon. Mr. Cook: See section 10(2). This modification of the Judges Act is considered to be consistent with the spirit of the Report of the Royal Commission on the Status of Women.

In accordance with the recommendation of the Standing Committee on Public Accounts contained in its fifth report dated March 10, 1971, the bill also contains an amendment in section 13 of the bill to the Financial Administration Act which equates the salary of the Auditor General to that of the President of the Exchequer Court of Canada, effective January 1, 1971.

I believe I have outlined all the financial aspects of the bill. However, section 6 of the bill also enacts a new section to the Judges Act, namely section 20A, which defines the duties and rights of a supernumerary judge, and it also provides for the salary of a supernumerary judge. As this provision also has a financial aspect, I shall endeavour to deal with it now.

This new section 20A will permit superior court judges of the provincial courts on reaching 70 years of age, and after having served for 10 years, to elect to become supernumerary judges of the court of which they are a member. These new provisions will permit the creation of an available and continuing pool of judicial talent that will make it possible for these courts to deal with their workloads with improved efficiency. However, these provisions of the bill require the enactment of appropriate provincial legislation of a complementary nature before they can be made effective. When this has been done in a province, its Superior Court or courts will be able to achieve essentially the same degree of flexibility in terms of available judicial talent as now prevails in many jurisdictions in the United States.

The salary of each supernumerary judge is $35,000 per annum, which of course will be the full salary of a sitting judge.

By section 9 the retirement age of county and district court judges will be lowered from 75 to 70, following the pattern set in the Federal Court Act. This provision will apply only to judges appointed after the amendment.

By section 7 the bill provides for voluntary retirement of judges at the age of 65 after 15 years of service on the bench.

Those new provisions which require in one case, and permit in the other, earlier ages for retirement are in line with current thought. However, I am bound to say many people question the wisdom of this trend. I noticed a few days ago a reference to the death of Justice Hugo Black of the Supreme Court of America at age 85. His death occurred only a few weeks after he had retired.

President Nixon said of Justice Hugo Black that he had "a mind that was brilliant and a character that was earnest and strong." Chief Justice Burger said Black's death "removes from the scene one of the authentic legal philosophers of our time." In case there are any who might think Justice Black did not take his full share of the work of the Supreme Court of America, it should be pointed out that he wrote the majority opinion in the celebrated Pentagon Papers case during his last year on the bench, giving the New York *Times* and the Washington *Post* the right to continue publication of the classified documents on the Vietnam war.

Justice Black was nominated to the Supreme Court by President Roosevelt in 1937 at the age of 51. If he had retired at age 65 he would have left the bench in 1951, 20 years ago.

In our country, when we think of our own distinguished judges such as Kellock, Rand, former Chief Justice Cartwright, and former President of the Exchequer Court Thorson, we begin to doubt the wisdom of pushing too hard for early retirement.

I mention this not because I am against setting a date for retirement. Indeed, I agree with this principle, and also agree that in this day and age there should be no new lifetime appointments to any position. Indeed in

the case of the Senate, I would fully support giving senators, under proper conditions, the optional right to retire at, say, age 70. My personal feeling, however, is that in the case of judges, as the younger people would say, I do not "dig" retirement at age 65.

I have now dealt with all the provisions of the bill which are designed to make a "judge's lot a happy one."

There is, however, another side to the coin. Clause 11 of the bill creates the Canadian Judicial Council. In my opinion, this is an excellent reform. Judges already have security of tenure of office. By this bill provision is made for reasonable compensation, but the bill goes a step further and makes provisions to deal with a judge who for any reason ceases duly and properly to perform the duties of a judge.

As we all know, the only way a judge may be removed from office now is by a joint address of both Houses of Parliament pursuant to section 91(1) of the British North America Act. Section 91(1) is not affected by this bill and remains in full force and effect. It is also well known that section 91(1) by itself is today hardly a satisfactory way to deal with an unsatisfactory judge. It is too slow and too cumbersome.

The new section 33 of the Judges Act, which clause 11 of the bill will enact, therefore empowers the Governor in Council to stop paying the salary of a judge upon the recommendation of the Canadian Judicial Council, and in due course the judge may be then removed from office.

The provisions of the bill setting up the Canadian Judicial Council are so important I think they are worthy of explanation in more detail.

The new section 31(1) establishes the council and states that the members are the Chief Justice of Canada, who is chairman and the Chief Justice and Associate Chief Justice of each superior court.

Subsection (2), which I will now read to you, outlines the objects of the council:

> (2) The objects of the council are to promote efficiency and uniformity, and to improve the quality of judicial service, in the superior, district and county courts, including, without limiting the generality of the foregoing
>
> (a) the establishing from time to time of a conference of chief justices;
>
> (b) establishing from time to time of seminars for the continuing education of judges; and
>
> (c) subject to section 32, the making of the inquiries and the investigating of any complaint or allegation described in that section.

The bill contains all the necessary provisions to enable the council to make by-laws and to function, and gives it all necessary powers to carry out the inquiries mentioned in the new section 31(2)(c).

New section 33(1) reads:

> After an inquiry or investigation under section 32 has been completed, the council shall report its conclusions and submit the record of the inquiry or investigation to the Minister of Justice of Canada.
>
> (2) Where, in the opinion of the council, the judge in respect of whom an inquiry or investigation has been made, has become incapacitated or disabled from the due execution of his office by reason of
>
> (a) age or infirmity,
>
> (b) having been guilty of misconduct,
>
> (c) having failed in the due execution of his office, or
>
> (d) having been placed, by his conduct or otherwise, in a position incompatible with the due execution of his office,
>
> the council, in its report to the Minister of Justice of Canada under subsection (1), may recommend that the judge be removed from office and that he cease to be paid any further salary.
>
> (3) A judge who is found by the Governor in Council, upon report made to the Minister of Justice of Canada by the council to have become incapacitated or disabled from the due execution of his office shall, notwithstanding anything in this act, cease to be paid or to receive or to be entitled to receive any further salary if the council so recommends.

In certain cases leave of absence with salary may be granted to judges who are incapacitated, and an annuity may be granted to a judge who is incapacitated and resigns. The Governor in Council may also remove a judge of a county court from office, in which case any such order must be tabled in Parliament within 15 days.

The council may make an investigation on its own and must make an inquiry at the request of the Minister of Justice of Canada or the attorney general of a province. It is difficult to think it possible that a man honoured by an appointment as a judge, and receiving a salary of around $38,000 to $40,000, would neglect the performance of his sworn duties as a judge. If and when any such instance arises in the future it will be the responsibility of the Canadian Judicial Council to act firmly, and without delay, to protect the interests of all Canadians, and the good name of the judiciary.

I am sure that honourable senators will be interested to hear that my own Province of Newfoundland passed an amendment to our Judicature Act last June which seems to touch on this point. It provides, among other things, that if a judge, on hearing a case, reserves judgment and has not given judgment within twelve months from the time of reserving it, any two other judges may order that the cause, issue, motion or matter be retried by either one of them or by another judge.

This to me is an extraordinary provision. Honourable senators, justice delayed is justice denied. If—and I repeat if—there is any undue delay in the courts of justice in Newfoundland or anywhere else in Canada, then the responsibility is now entrusted to the Canadian Judicial Council to bring it to an end at once. If any undue delay persists, then the Judicial Council should act firmly and

impartially so that any judge guilty of such misconduct may be forthwith removed from the Bench. The Judicial Council must conduct an investigation at the request of the Minister of Justice of Canada or at the request of an attorney general of a province.

A difficult point which may well arise is how the Minister of Justice of Canada or attorney general of a province will know that undue delay is taking place until the matter has become more or less of general complaint, and in the nature of a public scandal. It seems to me that one way to safeguard against this situation is for our courts to file something in the nature of an annual report. Every type of operation, from the biggest down to the smallest bull's-eye shop, has to file reports and facts and figures with government departments. I see no good reason against requiring our courts to do the same. I therefore suggest to the Minister of Justice that during the next session of Parliament the act be further amended to provide that the registrar of every court be required to file each year with the Department of Justice of Canada and the Department of Justice of its own province, information giving the number of cases tried, when heard and when judgment was given. It would then be easy to spot any undue delay and the judge or judges causing it. Such other important information showing how many days the court sat, and so on, could also be included.

Whether or not the minister takes my suggestion, I nevertheless repeat that he deserves the compliments of honourable senators for the very worthwhile reforms carried out during his term of office. This bill is one of those reforms, and I commend it to the Senate.

Hon. Lionel Choquette: Honourable senators, before I speak on this bill I should like to ask a question of the sponsor (Hon. Mr. Cook). How does this bill improve the pension of a judge's widow, if it does? Perhaps the sponsor will have the answer by the time I have concluded my remarks. I suspect that it is very much like the case of senators, who had an increase in salary up to $22,000, yet whose widows are entitled to a pension of one-third of $8,000. This means there has been no change whatever in the pension of retired senators. Instead of having at least one-half of the pension of a senator, which would be $4,000, in the event of the death tomorrow of a senator who had intimated in writing that he would retire if and when he reached the age of 75, his widow would get one-third of $8,000, which would be $2,666.66, which is not extravagant, to say the least.

Honourable senators, I rise to support the second reading of this bill. In other words, I favour the principle—or rather the several principles—embodied therein.

I certainly have no objection to the proposed salary increases or to the increases in pensions for judges and their dependants, or to the provision of pensions for women judges. I understand that they do not exceed the amounts recommended by the Committee on Judges' Salaries of the Canadian Bar Association. A serious question remains as to whether, in view of the recent salary increases, the pensions of members of the Senate and the other place are now adequate, and as to whether adequate provision has been made for their dependants, which is the point I raised in my opening remarks. This is surely a matter which must shortly engage the close attention of the Government. If it forgets, hopefully some elephant or other will remind it.

The cornerstone of our system of justice is the rule of law—the product of a thousand years of constitutional experience in the United Kingdom, finding its embryo in the Magna Carta. Those who judge must be independent, financially and otherwise, in forming their judgments. The judicial process is indeed the outward and visible manifestation of the rule of law. And so, like Caesar's wife, judges must be beyond suspicion or reproach.

It is necessary, however, not only that justice be done, but that it appear to be done. I therefore applaud in principle the inclusion in the bill of clause 33, which creates a Canadian Judicial Council, chaired by the Chief Justice of Canada. The same clause gives the council the right to question the capacity of a judge on any of the following bases:

(a) age or infirmity,

(b) having been guilty of misconduct,

(c) having failed in the due execution of his office, or

(d) having been placed, by his conduct or otherwise, in a position incompatible with the due execution of his office.

On any of the foregoing bases, the council may make a recommendation to the Minister of Justice that the judge be removed from office. If it does, the minister would seek an order removing the impugned judge from office.

In the case of county court judges, they may be removed from office by order of the Governor in Council on the recommendation of the Minister of Justice, after receipt of a report from the council.

Honourable senators, I would like to relate an experience I had some few years ago, in the case of a judge who was a friend of mine and whose conduct was not what should be the conduct of a judge of the Supreme Court of Ontario. I remember that he was asked to resign and he asked what would happen if he did not do so.

The Government was most embarrassed. They went through their statutes to find out what procedure they would have to follow to prevent him from sitting and hearing cases. They came up with this solution. They decided they would have to pass a bill through both houses, impeaching the judge, to prevent him from sitting and hearing cases. It was a very complicated matter.

This judge was able to make some settlement with regard to the pension he would receive, although he had been appointed only three or four years to that position.

Honourable senators, this bill is a great improvement. The council will have certain functions and powers. It can not only impeach a judge but can prevent him from sitting and hearing cases.

There is a financial bite provided for in clause 33(3), to the effect that the salary of a judge declared by the Governor in Council to have become incapacitated or disabled from the due execution of his office may be terminated. This is alleviated somewhat by clause 33(4).

By clause 33(6), an annuity or pension may be granted to a judge found by the Governor in Council to have become incapacitated or disabled, if such judge resigns, equal to what he might have been granted had he resigned at the time of such finding.

Apparently, there would be no annuity provided for a judge who is removed from office on any ground of malfeasance, misfeasance or non-feasance under this clause. Please correct me if I am wrong about this: it is a matter of importance, certainly to the judge affected.

I am generally in favour of this clause, although it leaves much to the imagination. In any event, it seems to me to provide a better system of procedure than that followed in the case of Mr. Justice Landreville. In my opinion, that case was in many respects mishandled by the Government. Perhaps this legislation will prevent a repetition of that type of mishandling. Honourable senators will recall that case. This man was subjected to several, I would not say trials but hearings before commissions, for a period of four and a half years. Eventually, he was told that he would have to appear before the Senate. We were then commencing proceedings and we were to have a joint resolution of both houses.

On the day on which we were to commence to debate his case in this house, he was asked to resign and he did so. The letter of resignation was read here in this chamber. This man is a great friend of mine. He was a young boy, brought up in Ottawa with me, and I recall very well the wording of his letter of resignation. It was such that he would have been entitled to a pension. He said that over a period of four and a half years his health had been affected greatly, that his financial situation had been affected, and that he was resigning on grounds of health.

I can report today that this man has never received a pension, nor will he ever receive one. In my opinion, that case, as I said, was in many respects mishandled by the Government, and perhaps this legislation will prevent a repetition of that type of mishandling.

I applaud as long overdue the tying in of the salary of the Auditor General to that of the President of the Exchequer Court. I merely question whether the members of his staff are being taken care of equally well. No executive is much better than the staff provided for him.

In conclusion, I commend the Government for these various steps in the right direction. If the sponsor of this bill could give me satisfactory answers to the few questions I have raised, I would not insist, personally, that the bill go to committee.

Hon. L. P. Beaubien: Honourable senators, I have listened, with interest, to learned counsel on either side, to honourable Senator Cook and honourable Senator Choquette. I wish to say right away that I agree with everything the bill does. I would also point out that I disagree tremendously with what the bill does not do.

Honourable senators, this bill amends the Judges Act. Clause 25(1)(a) says that the widow of a judge will receive two-ninths of the salary that the judge was getting when he died. That means that if Judge A.B.C. Brown died in 1950, his widow gets two-ninths of $12,000. If Judge A.B.C. White should die after this bill is passed, his widow will get two-ninths of $34,500. What is the reason for the increase in the salary from $12,000 to $34,500? It is simply because the cost of living has gone up. Judges are not being overpaid. Why should the widow of a judge who died in 1950 have to struggle along on a measly $2,600 instead of receiving the $7,700 she would be entitled to if he died this year? We are not dealing with a large number of people. I think there are only three judges' widows who are really in dire need, but they have only three votes so nobody pays them much attention.

Some senators here have spoken to the Minister of Justice about this and he has replied, "Oh, my goodness, you cannot open a can of worms like that. There are any number of people in the same boat, because they became eligible to receive a pension 20 or 30 years ago."

Honourable senators, I have never heard such a ridiculous argument. We are dealing with nothing but the widows of judges. What difference does it make to us, when considering this bill, if somebody who was a street cleaner and who died 20 years ago, left a widow who is not getting enough? Perhaps that is something we ought to go into, but not when dealing with this bill. We are now dealing with the pensions of judges' widows whose husbands died 20 years ago and who are not getting enough money to live on.

If, in passing this bill, we do not insist on amending this nonsensical clause, then, of course, we are concurring, because we are the ones who are writing the law.

I know that there are ways and means. I know that we cannot initiate a bill which is going to be a charge against Her Majesty's exchequer. However, we can send back to the Commons sloppy legislation which completely ignores things which are a disgrace. Instead of smugly sitting back and saying what we are doing for judges today, we should be looking to see if we are dealing in justice.

When the Senate and the House of Commons saw fit to increase the salaries of members, did we consider whether there were a few gardeners who died 20 years ago, whose widows were on pension and who were not getting enough?

All honourable senators should look carefully at what the legislation provides. Let us remember that the form in which the bill passes will depend much on what we say.

Hon. Daniel A. Lang: Honourable senators, I originally intended to direct a question to my colleague, Senator Cook, but instead of doing that, I wish to express the concern that I feel about this bill.

I know very well what Senator Choquette was speaking about, as I was a member of the committee involved in the case to which he referred. The establishment of the Canadian Judicial Council is obviously a reaction by the Government to the problems we experienced during that time.

Far more important than any question of remuneration of judges or their widows is the question of the independence of the judiciary, and the problems that are apparent to us, including the situation to which Senator Choquette referred.

We must examine this bill, although I myself have not done so, to be absolutely positive that under no circumstances can a political officer such as the Minister of Justice dictate the dismissal of a judge. That in my opinion, is the crux of the problem involved in this concept of the judicial council, and it far transcends any question of salaries.

As I mentioned a few moments ago, I am afraid that I have not made a study of this bill, but when it goes to committee we must assure ourselves that under no circumstances can a political officer such as the Minister of Justice bring about the dismissal of a judge by means of influence directly or indirectly upon the judiciary, or upon any of the machinery set up by this act.

That is really the only concern that we have as a body. We must maintain our great legal tradition of independence for the judiciary, and at the same time devise some means more equitable than those which have existed in the past, by virtue of our Constitution, whereby a judge considered unsuitable to continue holding his position may be removed. I do not know whether this bill does, in fact, accomplish that purpose, but if I had to take a risk on one side or the other, I would take the risk of a judge being incompetent before the risk of subjecting our judges to political pressure for their removal.

I hope that by saying these few words tonight I have brought to the attention of the members of the committee who will be considering the bill what is, in my opinion, by far the most important issue involved. I hope that in committee we can assure ourselves that this purpose is achieved.

Hon. David Walker: Senator Lang has raised a point which is fully covered in section 31, which establishes the Canadian Judicial Council. This was ably and fully explained by Senator Cook, and commented upon with equal ability by Senator Choquette.

Section 32 sets out the duties of the council after it has been set up. The section is complete and thorough, and I cannot see how it could be improved.

Section 33 answers the question of the honourable senator. It provides that after an inquiry by the Canadian Judicial Council has been completed, the council shall report to the Minister of Justice. Without going into all the lengthy detail, section 33(3) provides:

> A judge who is found by the Governor in Council, upon report made to the Minister of Justice of Canada by the Council to have become incapacitated or disabled from the due execution of his office shall, notwithstanding anything in this act, cease to be paid or to receive or to be entitled to receive any further salary if the Council so recommends.

To answer my friend's question—although I am not the Minister of Justice, and perhaps I should not be pleading the case for the Government—this section makes it quite clear that the Canadian Judicial Council reports its conclusions, the Minister of Justice considers them, and the Government then considers the recommendation of the Minister of Justice which is based on the report of the Canadian Judicial Council. Therefore, politics cannot possibly enter into this matter.

Hon. Mr. Lang: May I ask my honourable friend a question? Section 32(1) provides that the instigation of the inquiry rests with the Minister of Justice, and not with the Council. I am wondering whether the reverse would hold as well.

Hon. Mr. Flynn: It has to be on the basis of a report.

Hon. Mr. Walker: Section 32(1) says that the council shall commence an inquiry at the request of the Minister of Justice. I think that is perfectly logical and perfectly natural. According to section 32(2), the council may investigate any complaint. The council, comprised of these distinguished judges, including the Chief Justice of Canada, could not be expected personally to search for these matters throughout the judiciary of Canada. It has to be someone like the Minister of Justice who hears of them, and makes the request to the Canadian Judicial Council. In my opinion, in view of the fact that the Canadian Judicial Council is going to decide on these matters, it makes no difference how prejudiced a Minister of Justice might be. He would not dare make a recommendation that did not have some foundation in fact. That would be a very bad precedent for him to set, and his motive would at once become obvious if the Canadian Judicial Council made a finding that there was no merit in his suggestion.

It seems to me that this matter is thoroughly covered. First, the Minister of Justice receives a complaint, which he then considers—

Hon. Mr. Benidickson: Or the Attorney General of a province may receive a complaint.

Hon. Mr. Walker: Yes, it is more likely that such complaints will be to the provincial attorneys general.

Let me say to honourable senators that this is a splendid bill, and it is a year overdue. The salary increases are overdue. The ideas of the supernumerary judge and the Canadian Judicial Council are excellent. The bill speaks for itself, and I would respectfully suggest that it be passed without reference to a committee.

Hon. Eugene A. Forsey: Honourable senators, I am going to ask only one question about this bill. If the sound apparatus here had been functioning adequately a little earlier, and I had been able to hear all of Senator Cook's remarks, I might have heard my question

answered for me. Perhaps every other senator is aware of the answer.

I should like to know why it is that the age of retirement for county court judges is being reduced to 70. This does not seem to me to be an obvious reform. I confess that I am inclined to think that if we start reducing the age of retirement to 70 for judges, the next thing will be that some people will get ideas about the Senate. I am also inclined to think that we have lost some very good judges in the past because of retirement at the age of 75. The names that come to my mind immediately are those of Mr. Justice Rand and the former Chief Justice John R. Cartwright.

I doubt whether this provision for compulsory retirement of county court judges at 70 is necessarily a good thing. I should like to know what the arguments are for it. I am perfectly well aware that many people by the time they reach the age of 70 are doddering and senile. On the other hand, there are many people aged 70 who are not doddering and senile. Indeed, some people are doddering and senile long before they reach the age of 70.

In any event, I should like some enlightenment on this. I apologize if I have missed through some malfunctioning of the apparatus, or through my own imperfect hearing, any explanation Senator Cook may have given.

Hon. Mr. Prowse: That holds out some hope to those of us who are only 54.

Hon. Jacques Flynn: Both Senator Choquette and Senator Walker have expressed the view that Bill C-243 need not go to committee. However, the comments of Senator Lang and Senator Forsey would suggest that it should go to committee. As there is doubt, I think it should be referred to committee, where I should be interested in having some answers from the Minister of Justice, not so much with the intention of amending the bill as with the intention of clarifying a few questions that the bill raises.

The first point that I wish to make is in connection with the remarks of Senator Forsey who spoke of the retirement of judges at the age of 70. Of course, it is true, if we adopt the principle so far as county judges are concerned, that very soon people will be saying the same thing about the Senate. Senator Forsey was not here when the British North America Act was amended to provide for the forced retirement of judges of the superior courts at 75, but I can tell him that the answer given by senators was that a judge sits alone and if he makes a mistake it is a final mistake, whereas senators are a group and if only one senator makes a mistake it is not a mistake of the Senate. I hope Senator Forsey will understand what I mean by telling him that story.

If retirement means anything, I think we have to follow the trend generally and retire at an age when we can do something other than merely sit in a rocking chair.

My second point concerns the Canadian Judicial Council, and bears some relation to the point raised by Senator Forsey. If we were to deal with the problem of retirement of superior court judges, and remove from office incapacitated or disabled judges otherwise than as provided by the British North America Act, we would have to amend that act.

Hon. Mr. Forsey: Of course.

Hon. Mr. Flynn: It is obvious that the Government is not interested in seeking an amendment to the British North America Act at this time. It is discussing the formula by which that act can be amended, and, in fact, is attempting to revise it in its entirety. The next best thing is to proceed as in this bill. In the first place, you provide an incentive for members of the superior courts of Canada to retire at age 70 by saying that they can do so if they have served ten years. In the second place, you provide that where a judge of a superior court has been found by the Canadian Judicial Council to be disabled or incapacitated for the reasons mentioned in clause 33(2), the Council, as explained by Senator Walker, may, after receiving a report, decide to recommend that the judge be removed from office and that he cease to be paid any further salary.

I suggest that there are very stubborn persons in this world and some of them may be found among the judges. If such a decision were made, it would be possible to meet the challenge of a judge who said, "All right, I am going to stay in office and not receive any salary, but at least I will be preventing the Government from appointing a successor." This would put the Chief Justice in a very difficult position. I suggest to honourable senators that eventually the ultimate solution to these problems will be in an amendment to the Constitution.

Finally, honourable senators, I should like to mention pensions. I am in sympathy with the comments made by Senator Beaubien. I know of the case of a widow of a former judge of the Supreme Court who is receiving no pension at all. I realize that this situation has posed a long-standing problem for the department. The same problem exists for members of the public service who retired several years ago, and received a pension based on the salary in effect at the time of their retirement.

Hon. Mr. Benidickson: They have been revised.

Hon. Mr. Flynn: But only on the basis of the increase in the cost of living. This has amounted in some cases to $50 or $100 a year, which is a rather insignificant sum. This principle was introduced only last year, and so it does not mean very much in practice. While this is a rule which has been accepted generally, whether it is acceptable today when the cost of living is constantly increasing is quite a different matter. For this reason, I think the remarks of Senator Beaubien should be considered carefully by the Department of Justice.

Honourable senators, I feel that all these matters should be discussed when the bill is sent to committee, and I suggest that the Minister of Justice should tell us what he thinks about these questions at that time.

Hon. G. Percival Burchill: Honourable senators, I realize that it takes some courage for a layman to stand

up and take part in a discussion on this bill. Let me say at the outset that I support the bill. I have listened with great interest to the debate that has taken place. My main object in rising is to make a general observation which I have been wanting to make for some time. It is that the publication in the press of what appear to be very large salary increases creates in the mind of the public, or certainly in the minds of certain segments of the population, a totally wrong impression. It has been brought to my attention in several instances, as no doubt it has been brought to the attention of other honourable senators, that people are amazed at what are considered to be the enormous salaries paid to the judiciary as compared with people in other walks of life. However, anybody who listened to the explanation of the new Income Tax Act as outlined to the Standing Senate Committee on Banking, Trade and Commerce today and who heard the ramifications and implications of the new bill, which is shortly to be presented to us, will agree that after that bill becomes law, the effect on these salaries will be such that only a very moderate amount will be left. I think many people are inclined to forget when they read about these large salaries that by the time the income tax has taken a bite at them, what is left is quite small indeed.

I fully sympathize with the remarks made by honourable Senator Beaubien, but I have to agree with the Minister of Justice that to attempt to deal with that situation would open quite a can of worms. Not a week passes that I do not receive a letter from some official or veteran of World War I or World War II complaining bitterly about the inadequacy of his pension in view of present day living costs.

What I say in connection with the public service and veterans also applies to business and industry. I know of many people who have retired from business life with pensions which at the time of their retirement seemed to be quite adequate but which today are totally inadequate. While I sympathize with what Senator Beaubien has said, I think that any one trying to deal adequately with such situations would find himself in very real trouble indeed.

Hon. Edward M. Lawson: Honourable senators, I share some of the views expressed by the honourable senator who has just spoken, and while I commend the Minister of Justice for preparing and presenting this bill, I am concerned that it does not contain any provision for more frequent review of salaries paid to judges. I was somewhat troubled when the suggestions for changes in judges' salaries were made at the same time as the suggested adjustments in the indemnities for members of the House of Commons and members of the Senate. We accept the philosophy that the judiciary should be separate from and independent of the executive, and therefore I feel that the sins of politicians should not flow to the bench. I remember reading an editorial in a Vancouver newspaper which pointed out that we in Ottawa were conscious of inflation because, whereas we had voted a 50 per cent increase for ourselves, we voted an increase of only 42 per cent for the judges. I do not think we should allow ourselves to fall into a situation where any newspaper can make such a comment. Each situation should be judged properly on its own merits. Perhaps I might remind the newspaper that made that criticism that they in turn gave their own employees a 62 per cent adjustment, and newspapers do not have the tradition of contributing to the inflationary spiral through overpaying their employees.

Honourable senators, in Canada we have a fine judicial system which we unfortunately have a tendency to take for granted. It was my privilege not many weeks ago to take part in a conference of judges in Vancouver where the judges made it quite clear that their main concern was how best to serve the interests of the people of Canada. They did not speak about the problems of pensions or salaries. So it seems to me that if there is no vehicle by which they can make these problems known to us, then there is a responsibility on the members of this house and on the members of the other house to ensure that these things are kept under regular review to ensure that what should be done is done. If there is a shortage of courts we have a responsibility to see that they are corrected. If there is a shortage of judges, we have the responsibility to see that appropriate steps are taken to fill these vacancies. There should also be a regular review of judges' salaries to ensure that they are adjusted properly at the appropriate times. I might mention that I said to the judges that I did not object when a plumber made a higher income than judges because after all a plumber had to make house calls! However, when other trades receive higher increases and higher salaries than judges, an adjustment in their salaries is long overdue.

In conclusion, let me emphasize that we should seek some sort of annual or biennial review and preserve the excellent judicial system which we now have.

Hon. Mr. Cook: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the honourable Senator Cook speaks now, his speech will have the effect of closing the debate.

Hon. Mr. Flynn: If he wants to close it.

Hon. Mr. Cook: I am delighted with Senator Flynn's suggestion that this bill should be sent to committee, for I must confess that my own answers to many of the questions asked would be quite inadequate. Let me also add that I am very glad to welcome Senator Walker to my side. I say this because if he were not on my side, then the questions that he would ask would be even more difficult to answer.

In reply to Senator Beaubien I must admit that the only reference to pensions in the bill is to be found in clause 10 on page 11 which grants an annuity to the widow and which states that:

> the Governor in Council may grant to each child of such judge an annuity equal to one-fifth of the annuity granted to the widow of that judge pursuant to paragraph (a) or (b) of subsection (1),

I do not know in fact, but I assume that the pension will be increased with the increase in salaries.

In answer to Senator Forsey, with whose remarks I entirely agree, the bill says that the retirement age of county court judges will be lowered from 75 to 70

following the pattern set in the Federal Court. That is the only reason for the reduction in the retirement age of which I am aware.

Regarding Senator Lang's questions, as a matter of fact Senator Walker has already replied to them.

I might reiterate that the members of the Canadian Judicial Council will be the Chief Justice of Canada, who will be the chairman, and the Chief Justice and Associate Chief Justice of each superior court or branch or division thereof. In such circumstances, it seems extremely unlikely that they would be subject to any judicial pressure.

The council may commence an inquiry on its own initiative, and must conduct an inquiry when requested by the Minister of Justice or the attorney general of a province.

In conclusion, I thank Senators Burchill and Lawson for their common-sense comments on the provisions of the bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Cook, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of the "Canada Year Book, 1970-71".

Report of the Canadian Broadcasting Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 47 of the Broadcasting Act, chapter B-11, and sections 75(3) and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Copies of Ordinances, Chapters 1 to 22 inclusive, passed by the Council of the Northwest Territories at its 1971 Second Session, pursuant to section 16(1) of the Northwest Territories Act, chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1971-1869, dated September 1, 1971, approving same. (English text).

Copy of Table of Public Ordinances of the Northwest Territories—1956-1971 (Second Session), together with copy of Table of Ordinances or parts thereof that are required to be brought into force by order of the Commissioner. (English text).

Report of the Solicitor General of Canada for the fiscal year ended March 31, 1971, pursuant to section 5 of the Department of the Solicitor General Act, chapter S-12, R.S.C., 1970.

Report of the International Development Research Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 22 of the International Development Research Centre Act, chapter 21 (1st Supplement), R.S.C., 1970.

[Hon. Mr. Cook.]

Copies of communiqué issued following the Ministerial Meeting of the Group of Ten held in London, September 15-16, 1971, together with copies of statement thereon by the Minister of Finance.

Copies of a letter, dated September 2, 1971, addressed to the Prime Minister of Canada by the Premier of Quebec respecting family and youth allowances. (French text).

Report of the Economic Council of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 21(1) of the Economic Council of Canada Act, Chapter E-1, and section 75(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Report of operations under the Farm Improvement Loans Act for the year ended December 31, 1970, pursuant to section 13 of the said Act, chapter F-3, R.S.C., 1970.

Report on the administration of the Small Businesses Loans Act for the year ended December 31, 1970, pursuant to section 11 of the said Act. chapter S-10, R.S.C., 1970.

Copies of a letter, dated September 17, 1971, addressed by the Prime Minister of Canada to the Premier of Quebec respecting family allowances and social policy. (French text).

Report of the Director of Investigation and Research, Combines Investigation Act, for the fiscal year ended March 31, 1971, pursuant to section 49 of the said Act, chapter C-23, R.S.C., 1970.

Report of the number and amount of Loans to Indians made under section 70(1) of the Indian Act for the fiscal year ended March 31, 1971, pursuant to section 70(6) of the said Act, chapter I-6, R.S.C., 1970.

Statutory Orders and Regulations published in the Canada Gazette, Part II, of Wednesday, September 22, 1971, pursuant to section 7 of the Regulations Act, chapter R-5, R.S.C., 1970.

Report of the Unemployment Insurance Advisory Committee for the fiscal year ended March 31, 1971, pursuant to sections 89(1) and 90(2) of the Unemployment Insurance Act, chapter U-2, R.S.C., 1970.

Copies of a letter, dated September 21, 1971, addressed by the Prime Minister of Canada to Professor André Raynauld, University of Montreal, with respect to his appointment as Chairman of the Economic Council of Canada.

Report of the Canadian Saltfish Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 32 of the Saltfish Act, chapter 37 (1st Supplement), and section 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Copies of a statement of the effect of placing certain cotton yarns on the Import Control List under authority of section 5 of the Export and Import Permits Act, chapter E-17, R.S.C., 1970.

BANKING, TRADE AND COMMERCE COMMITTEE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1)(a):

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Thursday, 30th September, 1971, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

PUBLIC WORKS

POST OFFICE CONSTRUCTION IN WOLFVILLE, NOVA SCOTIA—QUESTION ANSWERED

Hon. Paul Martin: Honourable senators, on September 16 the honourable Senator Welch asked me a number of oral questions concerning the building of a new post office in Wolfville, Nova Scotia, and stated that he had originally directed his request to the Department of Public Works from whom he had not received a reply.

I am now in a position to reply. The information given to me by my colleague the Minister of Public Works is as follows:

A new building was required because the old one was not structurally sound nor was it large enough to provide the extensive improvements required by the Post Office Department without an addition to it. The floors sagged to such an extent that lock boxes could be opened without keys. A new mail lobby was required; also a screen line extension, a storage room, improved washroom facilities and an office for the postmaster.

To renovate the existing building completely and construct an additional ell would have cost more than the new modern building and would have meant displacing the old Post Office operations for a period of a year.

The approximate cost for removal of the old building, including restoration of the site, was $17,000. This amount is included in the overall contract price for the new Post Office of $148,800.

The cost of landscaping the site on completion of the new building was $6,600, and this was also included in the contract price of $148,800. Except for any relics which might be discovered, material from the old building becomes the property of the general contractor for disposal as he sees fit.

Not only is it a complete reply, but it shows that the Department of Public Works has not lost its sense of humour.

Hon. Mr. Flynn: I am quite sure it knew for whom it was preparing the reply.

NATIONAL CAPITAL

SCULPTURE IN CONFEDERATION PARK—QUESTION ANSWERED

Hon. Paul Martin: There were two questions put by Senator Forsey on September 14 last. I regret not having a reply to the first, which concerned a film.

As to his second question, regarding the sculpture in the park, I have a reply prepared by Miss Jean Sutherland Boggs, Director of the National Gallery, for whom I am sure we all have great admiration and respect and in whom we have confidence. She says the agency responsible for the piece of sculpture placed in a small park, called Confederation Park across from the Lord Elgin Hotel, is the National Gallery of Canada.

Hon Mr. Forsey: Shame!

Hon. Mr. Martin: Well, I am sure Senator Forsey knows Miss Jean Boggs, and I am sure he would wish to revise that interjection.

The National Gallery of Canada—the reply goes on—does not have sufficient space or a sculpture garden of its own to exhibit monumental pieces of sculpture.

Hon. Mr. Flynn: Is it a sculpture?

Hon. Mr. Martin: It, therefore, approached the National Capital Commission for permission to install this large work called *Traffic* by the Canadian sculptor, Ed Zelenak, in Confederation Park which is so close to the Gallery itself.

The sculptor is 30 years old and lives in West Lorne, Ontario, near London, certainly a good section of Ontario. The Gallery commissioned this work, which is made of very thick plexiglass, from the sculptor on the basis of a full size maquette in lighter, thinner plastic. The Gallery's director, Miss Jean Sutherland Boggs, states that its acquisition is part of a traditional National Gallery policy of encouraging the work of young Canadian artists and of particular interest since sculptors have never had the same opportunities as painters in Canada. She points out that in the past the Gallery's support of such "lively young contemporary artists" as Tom Thomson, A. Y. Jackson, and David Milne aroused the same kind of skepticism as did Senator Forsey.

The director feels that although the work has considerable presence because of its design and size, it is also very much at home in a landscape setting, since its purple colour is close to the purple of some of the trees, and its somewhat translucent material changes with light and atmosphere. Its acquisition is considered by the Gallery to be a tribute to the Canadian artist.

I am sure this reply will be completely satisfactory to my artistic and dear friend, Senator Forsey.

Hon. Mr. Forsey: It is not, honourable senators, and I think there is a portion of the question which remains

unanswered: how much did this thing cost? The taxpayers of Canada are paying for this trash. How much are they paying?

Hon Mr. Martin: That is a very good question, but I am only replying to the question asked by Senator Forsey. He did not ask what the cost was.

Hon. Mr. Forsey: That was a serious oversight; I intended to do so.

Hon. Mr. Martin: Then I will take that as a supplementary and I am sure there will be a good reply.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, September 30, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE SENATE

USE OF CHAMBER BY INTERNATIONAL ORGANIZATIONS

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that on the morning of Thanksgiving Day, October 11, 1971, an intergovernmental body known as the International Organization on Cultural and Technical Cooperation, will hold the inaugural meeting of its annual session in this Senate Chamber. Committee meetings will be held at the Château Laurier and in Montreal and Quebec.

An impressive delegation, composed of ministers, ambassadors and high ranking officials, and of at least two prime ministers, from 22 countries, will attend this conference.

A request from this intergovernmental body for the use of the Senate chamber was received during the summer recess. They needed a decision at that time to enable them to send invitations and to print programs at an early date. I would like to mention that a copy of their application, when it was received—in August last, I believe—through the Secretary of State for External Affairs, the Honourable Mr. Sharp, was sent to the Government Leader in the Senate and to the Leader of the Opposition.

In view of the fact that this group is highly representative, and considering that October 11 is a holiday and that the Senate chamber will be used in the morning only for the official opening of the session, there seemed to be no objection to the use of these premises for that purpose. I may say that it is intended to televise this inaugural ceremony.

May I mention that there are no outstanding requests for the use of the Senate chamber for meetings of that nature. This was the last request that I received.

I repeat that I would like a clear policy to be established in this connection. As honourable senators know, there is already on the Order Paper a motion standing in the name of the honourable Senator Belisle for the appointment of a special committee to look into the whole matter and to report to the house. I hope that the committee will take into consideration the fact that it is desirable that a decision be reached as soon as possible, especially with respect to adjournments of the Senate.

I have no doubt that a definite procedure regarding the use of our chamber by international and intergovernmental organizations is desirable in order that we may know how to deal with applications that are received from time to time.

In these circumstances I have used my best judgment, and I hope that honourable senators will approve the decision which had to be taken during the summer recess. I should like to hear the opinions of those who wish to express any views on this matter.

Do honourable senators agree to the latest request?

Hon. Senators: Agreed.

PARLIAMENTARY RESTAURANT

JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Peters has been substituted for that of Mr. Gleave on the Joint Committee of the Senate and House of Commons on the Parliamentary Restaurant.

DOCUMENT TABLED

Hon. Leopold Langlois tabled:

Errata to the Report on the operations of the Exchange Fund account for the year ended December 31, 1970, which was tabled in the Senate June 1, 1971.

JUDGES ACT AND FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. J. Harper Prowse, Acting Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-243, to amend the Judges Act and the Financial Administration Act, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Prowse: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Hon. Jacques Flynn: Honourable senators, I shall not detain you long. I could not be present at the meeting of the Standing Senate Committee on Legal and Constitutional Affairs this morning because I had to be present at another committee. Ever since coming to the

Senate I have been trying to perfect the ability to be at two committees at the same time, but, unfortunately, without success.

The reason I have risen to speak at this time is that I have been given to understand that certain answers were given at the committee this morning to questions that I should have asked had I been there, especially in connection with the supernumerary judges.

Bill C-243 provides that a member of the judiciary, upon attaining 70 years of age, may resign his functions and become a supernumerary judge.

Hon. Mr. Langlois: He does not resign.

Hon. Mr. Flynn: I think this is what is provided. He can remain until he is 75.

Hon. Mr. Langlois: He has a choice.

Hon. Mr. Flynn: He has the option of resigning or remaining as a supernumerary judge. When he does this he receives the same salary and performs the same duties as if he had not resigned. I think it would be up to the Chief Justice to decide whether or not to use his services. If the Chief Justice decides not to use his services, the supernumerary judge will still be receiving the same salary while doing nothing.

Hon. Mr. Choquette: He can go to Barbados.

Hon. Mr. Flynn: Of course there will be one advantage in that it will permit the appointment of a successor which will add to the number of judges at the disposal of the court. This in turn could create a situation which in some instances might be favourable to the administration of justice, but in other cases it might create an undesirable situation. It is only by observing how it will function that we can assess whether this provision will satisfy the intention, but I thought I should put on the record this caution that we may be faced with some problems by the application of this provision.

Hon. Mr. Prowse: Honourable senators, without wishing to prolong the debate I think it should also be placed on the record that this question was thoroughly discussed in committee this morning. There are a number of safeguards provided. First of all there will be no supernumerary judges unless the provincial legislature concerned passes the legislation providing for them.

The second point is that if we have a situation in which a man were to retire before his time for retirement, with something less than retirement pay, there would be something wrong with him, or he would not do it.

Hon. Mr. Flynn: He has to be 70 years of age.

Hon. Mr. Prowse: He has to be 70 to begin with. This now puts into the hands of the Chief Justice a cadre of men who are capable and remain capable, otherwise they are not going to stay. There are other provisions for dealing with them if they become incapable. It will enable them to deal with situations of backlogs of cases, which is a problem in all provinces at this time. It also, I would think, would permit the moving of people from the appellate division down to take trials on an *ad hoc* basis or to move them up from the other court to act as *ad hoc* appellate division judges to handle certain situations. In other words, it gives a flexibility which will enable the Chief Justice to deal with his workload much more effectively than is possible at the present time.

Hon. David Walker: Honourable senators, that is quite true. Senator Prowse has put it well. Also, it is not costing a whole salary, because they are entitled to one-third of their salary on retirement in any event and it is only two-thirds of the salary. In many instances, such as the Supreme Court of the United States or the Court of Appeal in Ontario, they may not wish really to increase the size of the court of appeal, yet they at times need a supernumerary judge to be called on. He may have to work overtime. I think it is an excellent amendment to the act and I know that in the Ontario Court of Appeal it is very much needed.

Hon. Eric Cook: Honourable senators, I have nothing further to add to the excellent explanation given by my friends, Senator Prowse and Senator Walker, except to say, in response to the interjection of Senator Choquette, that they could not go to Barbados; a supernumerary judge has to be available at all times, as if he were a sitting judge and accept all the assignments given him by the Chief Justice of his court.

Hon. Mr. Flynn: If he does not, the Judicial Council will have to intervene.

Hon. Mr. Cook: Yes, then it will be subject to review by the Canadian Judicial Council. He has to remain available for duty at all times and cannot go south, as suggested by Senator Choquette.

Hon. W. M. Benidickson: Honourable senators, I have two questions, one relating to the point raised by the Leader of the Opposition, which I think was one of considerable importance. We have had some explanation of it by Senator Prowse, but I did not understand whether the authorization of the appointment of a supernumerary judge would be made by the legislature in each individual case, or might they decide to permanently allow a set number, say, a maximum two or perhaps five supernumerary judges? What does Senator Prowse contemplate would be the procedure of the legislatures? That is my first question.

As I also was at another committee meeting I was not able to attend the meeting of this committee, and I was curious as to why, if my understanding is correct, the age of retirement for county and district court judges would be fixed at 70, whereas would it not continue to be 75 in the case of superior court judges?

Hon. Mr. Prowse: Dealing with the first question, the number of supernumerary vacancies that will be available will depend entirely on the provincial legisla-

tion. It could be a complete duplication of the court in one province and none in another. In other words, it is entirely up to the province concerned to decide how many supernumerary judges they require, how many of these extra judges they feel they need available. That is the answer to the first question.

Hon. Mr. Benidickson: You are not suggesting that the legislature will be asked to authorize in each individual case?

Hon. Mr. Prowse: No, it will not be asked to deal with each case individually. They will provide a certain number of vacancies.

Hon. Mr. Benidickson: Or a maximum.

Hon. Mr. Prowse: Or a maximum number of vacancies. In other words, you could have ten judges on the court and five of them could be supernumerary. If only one wanted to go supernumerary there is no way to fill that. It is not a fillable vacancy except by the voluntary action of the judge.

The second question is with respect to retirement at the age of 70. In one section they do provide for a retirement at the age of 65 provided the judge has had 15 years' service by that time. My honourable friend may remember that a great number of years ago there was the difference that district and county court judges were retired at age 75 while provincial supreme court judges or superior court judges and members of the Supreme Court of Canada were not. I believe Exchequer Court judges were also subject to the retirement age of 75. I know in my own province we had judges who were 86 years of age. With all due respect to people who accumulate that number of years, I think it is generally understood that a man's ability to carry a heavy workload decreases as he grows older. Now they have adopted a procedure which makes it possible for a superior court judge who no longer can do the same amount of work as before to act as a supernumerary judge and hear cases in which he has particular expertise. However, it is felt that the experience of district and county court judges who retire at 75 would be offset by certain limitations and that it would be better to appoint younger judges to replace them; in other words, the work of a district or county court judge requires energy but not the experience expected of a superior court judge.

Hon. Mr. Choquette: My friend has given a good explanation, but I think he left out the most important point, that the Constitution provides for retirement at age 75.

Hon. Mr. Flynn: For a superior court judge.

Hon. Mr. Prowse: Not for a superior court judge.

Hon. Mr. Flynn: Yes.

Hon. Mr. Prowse: The Constitution does not so provide for district and county court judges, but the Government is able to amend the Judges Act. By this act the Government could not amend the retirement age of superior court judges. With all due respect, my friend is not correct. He has the cart before the horse. The Constitution provides for appointment for life in the case of superior court judges.

Hon. Mr. Flynn: No.

Hon. Mr. Choquette: We amended the Constitution making it 75.

Hon. Mr. Prowse: There is no limit on it at all.

Hon. Mr. Flynn: It came to the Senate before the honourable Senator Prowse was here. I trust he would rather accept our contention than his because we were here when it was amended and he was not.

Hon. Mr. Prowse: I was not here when it was changed. None of us were here.

Hon. Mr. Flynn: I was.

Hon. Mr. Martin: We must act judicially in our debate.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, October 4, 1971, at 8 o'clock in the evening.

Motion agreed to.

INTERNAL ECONOMY

MEETING OF COMMITTEE—QUESTION

Hon. Jacques Flynn: Honourable senators, may I inquire of the Chairman of the Standing Committee on Internal Economy, Budgets and Administration if it is his intention to call a meeting of that committee to consider the problem raised by His Honour the Speaker earlier today, and other matters that have to be dealt with by the committee very soon?

Hon. Donald Smith: Honourable senators, I am very glad to tell the Leader of the Opposition that the chairman of the committee is trying to arrange a meeting for next Tuesday. I had some reservations about whether at that time we should add to the agenda, because it is already a very full one. The committee intends to make recommendations with regard to annual increases for Senate employees in all capacities, together with reclassifications; this will bring Senate staff classifications more in line for comparative purposes with those of employees of the House of Commons, which will mean we are better able to deal with increases in the future. It has been generally understood that the increases we recommend will follow those made in the other place, and are of course retroactive to the date on which theirs were effective.

The Leader of the Opposition further suggested that the matter referred to by His Honour the Speaker earlier should be considered by the committee. I draw his attention to the motion on the Order Paper in the name of Senator Belisle. To my mind that would be a very convenient motion on which we could debate this matter and decide what course to follow. I merely make that suggestion. I have talked of this to His Honour the Speaker since I returned yesterday, and it is my understanding that he also thinks this motion is a useful vehicle by which to explore the subject. I hope that meets with my honourable friend's approval.

Hon. W. M. Benidickson: Honourable senators, may I address another question to the Chairman of the Internal Economy Committee? I believe the committee last met shortly before we adjourned in June, at which time there was a discussion of the possibility of making available to senators privileges similar to those given to members of the other place, to civil servants generally, and particularly to senior civil servants, to develop bilingualism. I wonder if that item is on the committee's agenda for the meeting next week to which the honourable senator referred.

Hon. Mr. Smith: Yes. I am happy to say that this will be one of the items on the agenda. It is a carryover, in view of the motion made by Senator Molson at the last meeting that a certain examination would be made of the subject. I do not know whether my friend expressed an opinion about this matter, but he and I have spoken about this. I know he holds as strong opinions as I do about an extension to members of this house of the opportunities for bilingualism in the public service and in Parliament. I hope that we may be in a position at this next meeting to arrive at some definite conclusion on this very important matter.

EMPLOYMENT SUPPORT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Eugene A. Forsey moved the second reading of Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect.

He said: Honourable senators, I rise with considerable diffidence to move this motion. It is my début in this capacity, and I crave the indulgence of honourable senators. I hope that they will be to my faults a little blind, to my virtues very kind.

Hon. Mr. Martin: Honourable senators, may I suggest to the honourable Senator Forsey that, because the amplification system is not working, he might endeavour to speak in a loud voice.

Hon. Mr. Forsey: Honourable senators, I can bellow like the bull of Bashan, but you are likely to find that I am talking much too loud.

Hon. Mr. Martin: No, no.

[Hon. Mr. Smith.]

Hon. Mr. Forsey: I remember that my old friend, Arthur Meighen, had a habit of beginning with two or three almost inaudible sentences and then continuing with others that were extremely audible. I hope in this respect, as well as in some others, I may be able to follow his example.

I want to ask honourable senators who wish to intervene with questions of any kind, or even interjections, in view of my infirmity, in spite of the fact that I am now wired for sound, to be kind enough to speak out well so that I can hear what they say.

[*Translation*]

In the past, when the Leader of the Opposition interrupted me, I often missed his genial comments and I found this very distressing. I do not want it to happen this time.

[*English*]

I want to be sure that I hear all the interjections of honourable senators and all the questions they have to ask. While I shall do my best to answer any that may be put, I venture to say that if, as I suppose may be the case, this bill goes on to a committee, questions of detail might be better postponed until then. At that time one or more of the officials of the department would be available, and perhaps the minister or his parliamentary secretary also. They would be able to answer those questions of detail.

I do not profess to have an encyclopedic knowledge of this bill. I have gone through it very carefully, and I have gone through the briefing book supplied by the department, as I have the reports of the committee in the other place. I think I am tolerably well aware of its provisions. However, there may well be questions of detail which I cannot answer without the assistance of the officials.

Honourable senators, I have not before me a copy of the bill as amended in the other place. I do not think this is a serious matter, because the only amendments made, to the best of my recollection, were to strike out the words "and production" or "or production" in two or three clauses. In my judgment, those amendments do not affect the substance or the principle of the bill in any way.

The first substantial point I wish to make about this bill is that it is a bill to support employment. It is immensely important to understand this, and to realize that the measure in no way does anything but support employment. It is important that there should be no misunderstanding about that, either in the country or beyond our borders. That is perfectly plain from the title of the bill itself, and from section 3. As honourable senators doubtless will have observed, section 3 says:

> The purpose of this Act is to provide a means to support levels of employment in Canadian industry when other countries impose temporary import surtaxes or take other actions having a like effect that adversely affect employment in Canadian industry.

I believe that that point must be made with absolute clarity and with strong emphasis.

Honourable senators, the second main point I wish to make is that this is a bill to mitigate the adverse effect of such measures—to mitigate the adverse employment effects. It is not a bill to compensate people, firms or individuals, who have suffered adverse employment effects, to the full amount of such adverse effects. It is an attempt to mitigate, in a way which I shall describe in more detail shortly, certain of the effects.

In the third place, it is important to note that the bill is intended to deal with the disruptive effects on employment of foreign import surtaxes or other actions of a like effect. At the present moment there is only one country which has taken measures which call for the application of this legislation, but there may well be others in the present disturbed state of international trade and international exchanges. There may well be occasions in the future—we hope not—when similar measures of like effect may call for action by the Government of Canada.

Hon. Mr. Flynn: You will have to amend the act.

Hon. Mr. Forsey: No, with great respect to the Leader of the Opposition, I think not. That is, perhaps, the next point I should emphasize. This is a permanent act, though its particular application at this moment is temporary. It makes provision for dealing with emergencies of a like kind. I may be able to make this clear as I go on, if I may venture to say so.

The particular temporary application is to the disruptive effect of the American temporary import surtax. I need hardly emphasize that it is a temporary measure of the United States, and we hope that it will be of short duration. As to that, no one knows. That is the reason why the particular application of the act at present provided for is a temporary one.

The amount provided is a maximum for the fiscal year ending March 31, 1972, as is evident from section 4 of the bill.

My next point is that the bill covers only manufacturing industry. There has been a good deal of complaint about this. It has been the subject of prolonged debate in the other place, and prolonged discussion in the standing committee there.

In my opinion, the discussion has been somewhat misdirected. The point is that the disruptive effect upon raw products of agriculture is being provided for almost entirely under existing legislation administered by the Department of Agriculture. I think the same is substantially true of raw fishery products. Other legislation is available to deal with this, and will be used in accordance with assurances given by the ministers concerned in the other place.

The only qualification that I would make is that there is provision in the bill that it shall not operate so as to depress the prices of raw agricultural products entering into the manufacturing industry. I will go into that in detail, if necessary.

There is a saving subsection providing that one of the factors to be taken into consideration by the board to be set up to administer the act will be the prices of raw products coming into the manufacturing industry. The board, in effect, is directed to take account of this and not to allow the legislation to be used to depress prices of raw agricultural products. But, of course, this does not cover anything like the whole range of agriculture. It covers only a particular part of it, a relatively small part. The rest of the agricultural raw products which are affected are covered by other legislation.

I might add that the great bulk of our agricultural raw products entering into the United States are not subject to this surcharge. Only a small proportion will be subject to the surcharge and therefore involved in any disruptive effect on employment, to be dealt with either in a minor degree by this legislation or in much larger degree by existing legislation administered by other departments.

Manufacturing is very carefully defined in the bill. I draw the attention of honourable senators to section 2, the interpretation section, which states:

> "Manufacturer" means a person, firm or corporation operating an activity in Canada whereby any goods, products, commodities or wares
>
> (a) are made, fabricated or refined out of raw material or other substance or combination thereof,
>
> (b) are converted or rebuilt, or
>
> (c) are made by causing any raw material or other substance to undergo a significant chemical, biochemical or physical change including change that preserves or improves the keeping qualities of that raw material or other substance but excluding change by growth or decay;

That, I think, is fairly precise and fairly comprehensive.

The next thing that I wish to mention is that the bill is not intended to be a complete economic policy. A good deal of discussion in the other place was directed to suggesting that the bill was inadequate, because there were all sorts of economic ills which afflicted the country. Of course, the Opposition blamed them all, or very nearly all, on the Government. They said that there were all sorts of ills which affected the country which this bill did nothing to overcome. The simple and sufficient answer to that is that the bill does not profess to do that. It does not profess to provide a panacea, or to deal with all the economic problems of the country. It is a specific bill to deal with a specific kind of disruptive effect upon employment caused by specific measures which have been taken by one country, and which may be taken by others in the future.

Therefore, as far as I am concerned, the complaint that it is not a complete economic policy passed by me like the idle wind which I respect not. I do not think it is necessary for me to go into that at greater length.

Much of the discussion in the other place, and many of the objections, came from parties which are not represented here, unless one counts Senator Manning as affiliated directly or indirectly with one of the smaller parties in the other place. I think it unlikely that we

shall hear a repetition here of some of the objections that were raised by those parties in the other place.

I should like to add parenthetically that eventually the opposition in the other place voted for the bill. I assume, therefore, that the criticism of the Official Opposition here is likely to be muted, not very prolonged or strenuous, unless, of course, they are convinced that their colleagues in the other place have fallen down on the job and some desperate repair work needs to be done. I doubt that the debate here will be prolonged or embittered, as it sometimes was in the other place.

The administration of the legislation is to be entrusted to a board of seven members.

Hon. Mr. Benidickson: The section contains the words "not more than".

Hon. Mr. Forsey: I am glad to have that interjection because it leads me directly to something else that I was going to say. The administration is to be entrusted to a board of not more than seven members, not more than four of whom shall be members of the Public Service.

I notice that in the discussions elsewhere the statement was often made that four members of the board would be members of the Public Service.

That is not strictly correct because the provision is that not more than four shall be members of the Public Service, which gives the Government a certain leeway there.

The reason for the composition of the board—namely, part public servants and part people who will be drawn from outside the Public Service—is, I think, to produce a blend of the particular kind of expert knowledge that exists in the relevant departments of the Public Service, and special concern for the public interest, which one would assume would exist in the departments of the Public Service—a blend of that and of the other element of direct first-hand expert knowledge of people in the business world.

There is no direct provision in the bill for labour representation on the board. It is safe to say that a good many representations have been made to the Government that it would be desirable to have some trade union representation on the board, someone who would bring to the work of the board the particular interest, knowledge and expertise of experienced trade union leaders. It is perfectly open to the Government to do that. I know there are a number of members of the other place who have urged this publicly as well as privately, and I strongly support the suggestion. However, this is left to the discretion of the Government.

The reason for the size of the board is that it is intended, and indeed provided, that it may sit in two panels. Three members will constitute a quorum. It is desirable to have this legislation operating as soon as possible because some individuals or firms may already have been severely affected by the measures taken in the United States. There may be many different applications coming in, some of them requiring a great deal of very careful and detailed consideration, and it is desirable that they should be dealt with as quickly as possible. If there are two panels sitting simultaneously, it will be possible to do this much more quickly than would otherwise be so.

Much of the immediate effect of the legislation will, of course, depend on the regulations passed for the purpose. There is provision for regulations, because this is a permanent act and because it is necessary to apply it to a particular situation which exists now, and it may be necessary to apply it to other particular situations later. The implementation for a given situation will depend upon the regulations. The draft regulations were submitted to the committee in the other place. The regulations, of course, cannot be passed until the act has been passed and the authority thereby given. But much will depend upon the content of the regulations, and I think from the draft regulations which were presented to the committee in the other place it is fairly evident what the application will be. I will be going into this in a moment or two.

I should like to add one remark in connection with section 8. Subsection (2) states that the Board shall use staff and services drawn from the Public Service. It is not intended, therefore, to set up a new bureaucracy to administer this legislation. Rather, it is intended that the available experts and experienced staff in the Public Service will be pressed into service to look after the work required by the Board.

Sections 9 and 10 are more or less routine. Section 9 says that the Board, subject to the regulations, may make such rules as may be necessary for the conduct of its meetings and so on and so forth, and section 10 says that the Board shall keep such records and books and so forth as is usual in such matters.

It is in Section 11 that we come really to the meat of the legislation. It is the essence, the pith, and substance of the legislation. Section 11 reads as follows:

> Upon application therefor to the Board by a manufacturer who establishes that the work force at his plant is or is likely to be significantly reduced through lay-offs during a specified period by reason of the application of measures taken by other countries in respect of imports therein from Canada, the Board may, subject to this Act and the regulations, authorize the payment to the manufacturer of an employment support grant pursuant to this Act in respect of any prescribed assistance period determined by the Board in respect of that manufacturer.

The first thing to notice here are the words "employment is or is likely to be significantly reduced". Various explanations have been given in the other place to indicate that this means in effect precisely what it says. If there is a plant employing 3,000 or 4,000 people and one or two people are laid off, obviously the machinery of this act will not be brought into effect for them. On the other hand, that does not mean that only large plants will come under the operation of the act. It has been made

clear by responsible people in their explanations in the other place that, if a plant having ten employees were so affected such that two or three of the employees were laid off—I believe it was two or three—then that would be regarded as a significant reduction. I would not swear that it was exactly two or three, but the idea is that this act will apply alike to small and large plants, but in either case there has to be involved what the Board would consider a significant reduction in the work force. The word "significant" is presumably to be interpreted by the Board in a common sense fashion.

I might add that it was also made plain in the course of discussions in the other place that if it were a matter of some contractors' plants the production of which is not directly exported—and thus not directly affected by the import surtax of another country or any similar measure —but which is fed into the plants of manufacturers who are exporting on a significant scale, and whose employment is affected or threatened by this form of taxation, then the Board would be in a position to give consideration to looking after those people as well.

There was some anxiety on that score, particularly in the mind of a member from Hamilton, who said there are a great many small plants in Hamilton producing parts and ingredients which did not get exported directly but which went into products which were exported by other and larger firms in that city. That is going to be looked after.

The second thing to notice is that the assistance will be given for a prescribed assistance period of not over 90 days, beginning not earlier than August 16 last and ending not later than the end of the surtax. The duration of these grants is limited in various ways. They are limited in that way, and also in a way that I have already mentioned—that is, by the fact that the actual provision of funds at present is to last only until March 31 next.

If I may, I shall turn now to section 12 of the bill, which mentions something decidedly important. Clause 12 reads as follows:

> The amount of any grant that may be authorized by the Board to a manufacturer shall neither exceed such amount as may be prescribed nor be greater than any lesser amount that, in the opinion of the Board, would be adequate to maintain employment by the manufacturer throughout the prescribed assistance period at such levels as those prescribed or specified by the Board, as the case may be.

In other words, it is not intended that this money will be thrown around. The amount shall not be greater than the amount prescribed, or an amount that in the opinion of the Board would be adequate to maintain employment. Again, the sole object of this legislation is to maintain employment so far as possible in the face of the disruptive effects of the measure with which it is intended to cope.

There are various other safeguards here. For example, section 13 reads:

> No grant shall be paid to a manufacturer in respect of a plant or otherwise for an assistance period unless at the termination of the assistance period, the Board is satisfied that, to the extent that in the opinion of the Board was possible under the circumstances, the manufacturer has maintained the level of employment throughout the assistance period in accordance with the specifications of the Board or at prescribed levels if the Board did not specify any levels of employment for that manufacturer.

There is an attempt there, to deal with two situations which would appear to be looked after more specifically in the proposed regulations. In fact, in regulation 7 as it was originally proposed there was a statement to the effect that for the purposes of section 13 the prescribed level of employment—and the word "production" is out now—would be the same as the level of employment at that plant in the base period. I shall come to the base period in a moment. There was also a provision that the Board might specify a level other than the level in the base period. There must be a certain amount of leeway, it is felt, for the Board to deal with specific situations where it might not be possible to fulfil the general requirement of keeping the employment up to the level of the base period, and the philosophy of it is, I think, that half a loaf is better than no bread.

Section 14 requires the Board, in considering an application, to take into account all relevant factors including:

> (a) the levels of employment and production at other plants in Canada of the manufacturer or of any persons associated or affiliated with the manufacturer, and—

Then comes the subsection which I referred to earlier.

> (b) the prices paid by the manufacturer to suppliers for goods that enter into the cost of production of the manufacturer.

That is the one that would look after certain things involving agricultural products.

The purpose of section 14(a) is to make sure that the manufacturer applying for this assistance does not play jiggery-pokey among the various plants which he or affiliated companies or affiliated persons may have elsewhere in the country. We do not want to find ourselves in the position where the taxpayers are helping out a manufacturer who has merely, in effect, transferred certain business from one particular plant to another. This is to be on the basis of "a plant", not the whole ensemble or the totality of the manufacturer's business in various parts of the country.

There is also provision for exceptional cases in section 15, subsection (1) of which says:

> Where a manufacturer who makes an application under this Act for a grant is unable to comply with any regulations applicable in his case and the Board is of the opinion that a grant to the manufacturer

would not be outside the purposes of this Act, as described in section 3, the Board may, having regard to the purposes of this Act, recommend to the Governor in Council that a grant be authorized under this Act for that manufacturer.

This is to take care of marginal cases. A firm that had only recently come into production could not go back over the whole of last year and say, "This is what we were exporting to the United States last year, and now look what has happened to us." A firm might have come into existence very recently, and they might say, "Well, this is going to knock a terrible hole in our business, but we do not have records for last year because we were not doing anything." They were either not in existence, or were just not producing for export. They could say, "We were producing, but not exporting. We suddenly found an avenue of export opportunity opening up for us but now that has been destroyed." The ordinary standard is that the exports of the firm for the year 1970 have to be looked at, but it was felt there had to be provision for this kind of exceptional case.

Of course, there are safeguards there because, first of all, the Board having examined the situation must make a recommendation to the Governor in Council, and then the Governor in Council on the recommendation of the Board can make a special grant as provided for in subsection (2) which says:

(2) If, following a recommendation under subsection (1), the Governor in Council so directs, the Board may authorize payment of a grant to the manufacturer for an assistance period in such amount as it considers appropriate for the purpose of maintaining employment and production at a plant of the manufacturer, subject to such terms and conditions, if any, as may be set out in the directions of the Governor in Council.

Section 16 provides that subject to subsection (2), payment of a grant for an assistance period shall not be made until the termination of such assistance period. I think that that is a fairly obvious safeguard against misuse. Then subsection (2)—and here you have an exception to cover exceptional circumstances—says:

Notwithstanding section 13, the Board may, if in its opinion circumstances so warrant, authorize payments to a manufacturer during the assistance period of the manufacturer of amounts on account of the grant payable in respect of that assistance period.

I should be inclined to think that this will apply particularly to firms with rather modest financial resources which could be seriously inconvenienced by having to wait until the end of the assistance period for payment of the grant. They can get something on account in special cases if the Board is convinced it is necessary to carry out the purposes of the act.

Of course, there are certain other provisions of a more or less routine kind. Section 18 provides for regulations by the Governor in Council, as follows:

[Hon. Mr. Forsey.]

The Governor in Council may make regulations

(a) respecting the assistance period or periods in respect of which grants may be paid or applied under this Act;

(b) respecting the level or levels of employment and production that are to be maintained during any prescribed assistance period as a qualification for a grant under this Act;

(c) respecting the information to be submitted with applications for grants or to be required for the purposes of such applications;

(d) respecting the manner or means in or by which the amounts of any grants shall be computed, which, so far as practicable, shall be related to the extent of the adverse effects incurred by a manufacturer by reason of the imposition of foreign import surtaxes or the taking of other foreign actions having a like effect;

(e) prescribing the matters that shall be taken into account in considering whether a manufacturer qualifies for a grant under this Act; and

(f) generally, respecting any matter or thing necessary to effect the purposes of this Act.

There is a provision that any payment made to a manufacturer to which he is not entitled may be recovered, and that the grant shall be treated as income for the purposes of income tax.

Then section 21 provides for an annual report by the minister. In connection with this latter point, I understand that while there is no provision in the bill there was an undertaking given by the minister that he would report more frequently than annually; that, in fact, he would make information available once a quarter. To the best of my recollection there was no amendment of that sort introduced, let alone passed, but I understand that is the undertaking that was given.

Honourable senators, there are certain things that come out more clearly only in the draft regulations. The first is that the board, if these regulations are adopted, as I think they will be to a great extent if the legislation is passed, shall not authorize a grant to a manufacturer with respect to a plant unless in the calendar year 1970 there were exported, directly or indirectly to the foreign country that imposed the surtax, goods having a total value of not less than 20 per cent of the total value of all goods produced at the plant in 1970. That is the first condition. If you are just exporting from your plant less than 20 per cent—

Hon. W. M. Benidickson: Honourable senators, I rise on a point of order. I have such respect for Senator Forsey that I am rather loath to raise this point of order, but on the other hand Senator Molson has very properly been leading a committee whose desire it is to see that we should be a little more strict in observing our rules. It seems to be most unusual—although I fully realize Senator Forsey's difficulty—to be obliged to refer to regulations prior to the passing of an act when the regulations will only come into effect after royal assent has

been given. I can see the difficulty, but it seems to me that the proper procedure would be to have at this second reading stage the general explanation of the bill. I have no doubt that because of the generalities in the bill and the curiosity that this house will have, as apparently the other house had, as to the proposed regulations, that we would like to hear about the regulations, but perhaps not now but in committee. Anyone who wishes to discuss the proposed regulations should do so on third reading.

Hon. Mr. Forsey: In the first place I thought I had been careful to say draft regulations as indicating the intent of the Government in respect of this measure. I certainly stand corrected by Senator Benidickson if I transgressed the rules. I find it difficult, and Senator Benidickson really allowed for this in what he said, to indicate the effects this legislation is likely to have in relation to the particular matter we are concerned with at the moment without making some reference at least to the content of these proposed regulations which indicate the broad intent.

I said specifically, if I recall it, that they merely indicated the general line which I thought the Government proposes to take if the legislation goes through. I think it is important that we should realize the kind of conditions on which it seems likely that this assistance should be made available.

Perhaps if I merely paraphrase what is here, without saying where I obtained it and merely say that from the circumambient air I have derived the impression that the intention is that certain criteria will in fact be laid down and are likely, therefore, to be followed, that might meet the point of order which Senator Benidickson has made.

Hon. Mr. Benidickson: I think that that would meet with the approval of the chamber. We have found by experience that it is very unusual to be able to persuade a minister, even in committee, to tell us when a bill proposes that he will have the right to make regulations, what will be in those regulations. As often as not there was reluctance to pass his bill when he was not too specific in it as to what the law would be.

Hon. Mr. Forsey: Precisely.

Hon. Mr. Benidickson: Therefore, perhaps we should not refer to possible regulations in the future. I think that Senator Forsey, who has studied the examination that took place in the other place, which many of us have not done, could very well give us the benefit of his surmise as to the probable cabinet regulations that will follow under the various sections giving prescribing powers as we have before us in this bill. However, it is most unusual, first of all, for a minister to even tell us what he intends to put in the regulations. We have been complaining for years that they want blank cheques, "You give this authority to cabinet and then trust us and we will make good regulations." I am very pleased to hear that in committee in the other place the minister in this instance outlined what he had in mind, but very probably he made no firm commitment because presumably his proposed regulations have not gone to cabinet. He just says he proposes to have certain regulations. However, if it is Senator Forsey's understanding, from reading the debates of the other place and seeing the minister's remarks, that the passing of a certain section purports a certain procedure and result, I am satisfied.

Hon. Mr. Smith: That is what he has been doing.

Hon. Mr. Benidickson: No; he has been referring to "draft" regulations as if they had already something meaningful legally.

The Hon. the Speaker: Honourable senators, a point of order has been raised. Rule 56 reads:

> The principle of a bill is debated at its second reading.

It has been the custom so far and, of course, we are bound by the rule at this time to discuss the principle of the bill. This point of order is well taken, but I must also mention that, as the honourable Senator Benidickson has indicated, there have been up to this time complaints, even on second reading, that honourable senators were not supplied with enough information. However, as far as the rules exist, there is no doubt that at this time the discussion must be restricted to the principle of the bill involved, unless, of course, honourable senators agree that in order to have more explanation they would be willing to allow the honourable Senator Forsey to mention or discuss some of the—

Hon. Mr. Choquette: He is almost through, anyway.

The Hon. the Speaker: I think that the point is well taken; the honourable Senator Forsey understands, so I invite him to continue.

Hon. Mr. Forsey: I am much indebted to Senator Benidickson for his correction. I can only say this, that I am quite well aware of the complaint that has often been made here and in the other place. It was made in the other place when the bill was first brought forward, that this gave in effect a blank cheque and they wished to know something about how the cheque would be filled in so that they would have some idea, at least, of what was involved. Therefore, the minister took what I consider to be a very exceptional action by introducing a set of draft regulations before the committee in the other place.

I think the explanation for his doing so is that this is a very peculiar and special type of legislation and without some indication given to the committee and here—perhaps it would be better given in the committee and I may dispense with the rest of what I was about to say—it is very difficult to understand what in fact this bill will really do. This is the reason for going into the detail of what apparently are the intentions of the Government in using the power conferred by section 18.

I might add that even the draft was changed in the other place, but I will not bother with that beyond saying that at one point something was changed. I think it is perfectly proper to refer to these matters in an orderly manner as Senator Benidickson said. It should be taken for granted that when I say something I am not pulling it completely out of the air or out of my own imagination. I have some substantial reason to believe that what I am saying is the broad intention of the Government in applying this very general and long-term legislation to a very special, particular and, indeed, acute, emergency set of circumstances.

So that first of all if we are going to clarify, it appears to be the Government's intention, shall I say, that it will in ordinary circumstances, saving some of the special cases that I mentioned a moment ago, be a condition that the firm has exported at least 20 per cent of its production to the country concerned in 1970. There will not be this kind of assistance available for people who export hardly at all.

In the second place, it will have to show that at least 20 per cent of the value of all goods produced at the plant in 1970 would have been subject to the surtax, had that surtax been in force throughout 1970. There is a second condition. You cannot say "Well, I export 20 per cent of my production to the United States and therefore I am entitled to assistance", when perhaps what was exported does not come under the surtax at all. It must be shown that there was 20 per cent of the total production exported to the United States and that 20 per cent of the total value of all goods produced at the plant in 1970 would have been subject to the surtax. This is an additional safeguard. He must also show, the act states, that employment would be adversely affected by the imposition of the surtax.

The assistance period will be defined more precisely than in the act; it will not be of more than 90 days' duration, and it will be based on a base period, which ordinarily will be the period ending on the day before the surtax came into effect.

I do not think there is really a great deal more to say at this stage about the bill. I have indicated the type of situation it is intended to meet. I have not dwelt upon the number of plants or the amount of employment likely to be affected. My recollection is that the minister intimated that there might be as many as 1,500 applications under this legislation if it goes through. It is also my recollection that there were three very carefully qualified estimates of the unemployment given. If the difficulty lasted for three months there would be a certain number of people affected; if it lasted for six months a certain number of more people would be affected; and if it lasted for a year a certain number more over and above the previous number would be affected. The estimates were carefully qualified ones. Ninety thousand is a very rough estimate of the number of people who would be affected over the course of a year. My memory might be at fault there, but the number is something of that order of magnitude. There were three separate estimates for three separate periods. I have not gone into that in any detail because I think it is really unnecessary. Everyone knows that this is a very serious situation, and it is likely to affect a large number of both large and small plants in this country.

Some of the people who have criticized the bill have been inclined to think that there should be, either in the bill itself or in a statement by the Government, some undertaking that plants owned by American subsidiaries in this country should not qualify. The Government has rejected that plea, and has insisted that what it is looking at here is the employment of Canadians, and it does not matter who employs them, whether it is an American subsidiary or a 100 per cent Canadian-owned corporation, or anything else.

What the Government wants to do is to give some assistance, and some assistance only, up to two-thirds of the amount of the surtax. This is the principle laid down. Two-thirds of the surtax is the maximum amount of compensation, and the maximum will not be given unless the manufacturer establishes to the satisfaction of the board that the maximum is necessary. That principle has been clearly laid down.

When this assistance is given to a manufacturer he does with it whatever he wishes. The only requirement on his part is that he maintains employment at the level prior to the imposition of the surtax. He is not told that he must use this assistance to put his goods into the United States market, or the European Common Market, or the domestic market. He is given the assistance if he maintains employment at the level prior to the imposition of the surtax. What he does with the assistance is up to him. He may decide to maintain employment by having some of the staff repaint the premises, or something of that nature. He may decide to build up inventories, or he may decide to explore new markets. It is important, I think, to emphasize this because some people seem to be under the impression that this is designed to help a manufacturer get into the United States market, or something like that. Its purpose is merely to preserve employment, and what the manufacturer does with the money is up to him. This is all this legislation is concerned with.

Honourable senators, I should like to say, if it is in order, that I would be happy to answer to the best of my ability any question that you may wish to ask, but my assumption is that this bill will go to committee, where all of the details can be much more satisfactorily explored in the presence of the minister, the parliamentary secretary, or officials of the department, or a felicitous and omniscient combination of all three.

Hon. Ernest C. Manning: Honourable senators, we are dealing today with a bill under which the Government of Canada proposes to spend up to $80 million of the taxpayers' money. This fact alone imposes on the members of both houses of Parliament a responsibility to be certain that the proposed bill has a valid purpose; that the procedures for attaining it are practical and realistic;

and that its enactment will be in the interests of the Canadian people as a whole.

Section 3 of the act reads:

> The purpose of this Act is to provide a means to support levels of employment in Canadian industry when other countries impose temporary import surtaxes or take other actions having a like effect that adversely affect employment in Canadian industry.

This section ties the purpose of this bill directly to the maintenance of an acceptable level of employment in Canadian industry. It limits the use of the $80 million provided to making support grants to industries adversely affected by temporary surtaxes or other actions having a like effect imposed or taken by other nations.

I am certain everyone is aware that this act is the direct result of the 10 per cent surcharge recently imposed by Washington on foreign goods imported into the United States. The surcharge undoubtedly will have an adverse effect on the Canadian economy in relation to the level of employment in this country, but I do suggest that its impact must be kept in its proper perspective. The surcharge will aggravate the problem of unemployment, but certainly it is only one of many factors responsible for the high level of unemployment in this country. We cannot overlook the fact that we had over 600,000 unemployed men and women in Canada before there was any suggestion of the imposition of this 10 per cent surtax by the United States. A partial counteracting of the effect of the surtax will not solve the unemployment problem in this country, and the Government of Canada should not be permitted to make this recent United States action a scapegoat for its own failure to preserve sufficient buoyancy in the Canadian economy to maintain a level of employment satisfactory to the Canadian people.

It was said by the mover of this motion (Hon. Mr. Forsey) a few minutes ago that criticism of this bill from the standpoint that it touches only one facet of the problem of unemployment in Canada is perhaps not valid criticism because, after all, this bill purports to deal with only one specific situation. But surely the Canadian people cannot be criticized for wondering why it is that the Government of this country is unwilling or unable to deal with the consequences of its own fiscal and economic policies in their impact on employment but can move quite quickly to try to mitigate the impact of the action of the government of another nation. This situation is bound to evoke questioning, and valid criticism, on the part of the Canadian people.

The reaction to the United States' surtax underscores a fact that the Canadian Government, and many outside of government, seem to have failed or refused to recognize in recent years; that is the inescapable inter-relationship between the economies of Canada and the United States. I have urged in this house in a previous debate the need and importance for a realistic reassessment of Canada-United States relations. This is a matter that is perhaps not too important to the United States, but I am convinced it is an absolute necessity, and long overdue, from the standpoint of Canada's own best national interests.

During the past several years various federal Government spokesmen, large sections of the mass media and self-appointed guardians of Canadian nationalism among pseudo-intellectuals and socialist politicians have been actively fostering in this country a negative Canadian nationalism based largely on anti-American sentiments. The theme of their proposition has been that Canada should assert her complete independence of the United States and free herself from the dependence on American capital, and from what is referred to as the American presence and influence. Now just one simple domestic decision on the part of the United States Government has demonstrated how utterly unrealistic this nationalist talk of Canadian financial and economic independence really is.

When a nation of only 21 million people shares a continent with the world's greatest industrial and economic and military power, with a population of some 210 million, there is no earthly way the economy of the smaller nation can operate independent of the economy of the larger. The United States decision to impose this 10 per cent surtax has proven this fact in no uncertain way. Now we find the officials of the Canadian Government, who a few months ago were telling the United States and the world that we resented the presence and influence of the United States in our economy, and were determined to assert our independence and do our own thing, hurrying off to Washington to ask for special exemptions for Canada on the grounds that, after all, our relationship with the United States is closer and different from her relationship with other countries affected by this particular impost.

Honourable senators, can we honestly blame Washington for taking the position that Canada cannot have this both ways? Can we logically expect them to regard Canadian nationalist attitudes and actions affirming our intention to protect our domestic interests as perfectly valid, and at the same time expect them to accept our protest that actions by the United States Government to protect their domestic interests are isolationist and entirely wrong? It is my conviction that had the Canadian Government spent as much effort cultivating mutually beneficial relationships with the United States as they have spent in fostering anti-American sentiment in this country, we would today at least be dealing with Washington from a position of strength and understanding instead of a position of weakness and resentment. Had the Prime Minister of Canada been as interested in cultivating understanding of Canada's position in Washington as he seemed to be in cultivating the friendship of Moscow, we might at least have had a reservoir of good will to draw on in the present circumstances.

I come back to the principle and stated purpose of this bill. It applies "when other countries impose", the language says, "temporary import surtaxes". Does this mean

that the United States can render this bill inoperative simply by declaring the present surtax a permanent levy against goods coming into the United States? This language is vague in that respect.

Turning to the procedures provided in the bill, I direct the attention of honourable senators to a couple of sections.

The first is section 11, which says:

> Upon application therefor to the board by a manufacturer—

and these are the words I ask you to notice particularly—

> who establishes that the work force at this plant is or is likely to be significantly reduced through layoffs during a specified period by reason of the application of measures taken by other countries in respect of imports therein from Canada, the board may, subject to this act and the regulations, authorize the payment to the manufacturer of an employment support grant—

and so on.

Honourable senators, precisely how is a Canadian manufacturer to establish that situation beyond reasonable doubt? Surely, in many cases, the impact of the American surtax is only one of a number of factors that determine whether they acquire a market in the United States at a particular time for their product. For example, if a Canadian firm bids to supply parts for some project in the United States, it may not get the contract. The surtax may be only one of a significant number of factors that resulted in the Canadian firm not being competitive. Precisely how is this manufacturer to establish whether it was or was not the surtax which was responsible for its not getting the market and consequently having to lay off men and therefore come under the provisions of this bill?

Turning now to section 12, it reads:

> The amount of any grant that may be authorized by the board to a manufacturer shall neither exceed such amount as may be prescribed nor be greater than any lesser amount that, in the opinion of the board, would be adequate to maintain employment by the manufacturer throughout the prescribed assistance period at such levels as those prescribed or specified by the board, as the case may be.

It seems to me this section places on the board an almost impossible task. Precisely how can it make this determination? In each of the hundreds of cases with which it will be called upon to deal, no two cases will be alike. I do not know how much consideration has been given to the administrative problems but it seems to me it will create administrative nightmares.

Then, in section 16, there is this provision:

> —payment of a grant authorized by the board to a manufacturer in respect of a plant of the manufacturer or otherwise for an assistance period shall not be made until the termination of such assistance period.

In other words, there is a period of time required; the payment is not made until the end of that period, except under some exceptional circumstance for which provision is made. The board must be satisfied, at the end of that period, that what the manufacturer has represented has indeed proven to be the case.

Hon. Mr. Benidickson: And they can change the period from time to time.

Hon. Mr. Manning: They can change the period. That is another point. I am wondering what the position will be of a small industry which feels it qualifies under this act and then discovers, at the end of the period, that due to certain factors, perhaps ambiguous factors which arose during the period, the board now decides that the firm does not qualify and so it does not get the assistance. What effect is this going to have, especially on a small industry whose management would have been financially unable to have retained its full staff and produced these products, except on the assumption that it was going to get assistance at the end of the period specified?

This could well put some smaller industries in danger of bankruptcy, in which case we would not have solved the problem of unemployment or even mitigated it, in the case of this particular industry, but perhaps created a last condition that would be worse than the first.

Finally, I think we should ask ourselves whether the enactment of this bill serves the interests of the Canadian people generally. Personally, I have grave doubts. For one thing, I am afraid that it will create some adverse regional reactions. The bulk of manufacturing industry which is affected and which will stand to gain assistance from this bill, is located in central Canada, in Ontario and Quebec—and perhaps we should also include British Columbia, because the lumbering industry there may be one that will be directly affected. The number of industries in the Maritimes and in the Prairie provinces exporting manufactured products to the United States are few. I am afraid we will end up with another case of the Canadian taxpayers, throughout all Canada, contributing to underwrite the industrial economies of those particular regions of this country where industry happens to be concentrated. It will be interesting to see which provinces get the lion's share of this further $80 million of the taxpayers' money. I am quite certain it will not be the Prairie provinces or the Maritimes.

Meanwhile, these areas have their own serious economic problems. They have problems of unemployment, created not by the imposition of the United States surtax but by other policies and conditions much closer

to home which are not being dealt with. It is only realistic to assume that there will be feeling on the part of these regions that the causes of their unemployment and their economic difficulties are not being attended to, but that $80 million of the taxpayers' money is available to mitigate the effect of the action of a foreign country on industries located primarily in only three provinces of this entire country.

I for one am not critical of the action of the United States in the imposition of this surtax. The American economy was getting into a very serious condition, a condition where drastic action was necessary if they were to avoid a far more serious crisis economically than anything we have seen to date.

Hon. Mr. Benidickson: And affecting us all.

Hon. Mr. Manning: Honourable senators, again coming back to the inescapable inter-relationship between our economy and theirs, if the American economy ever goes under, we go under with it. Let us not shut our eyes to that fact. If a strong United States economy can be preserved, it is our best guarantee in Canada of economic health and a high level of employment in this country.

I am not opposed to this bill, but I did feel an obligation to point out that it will in no sense solve, to any significant degree, the problem of high unemployment in Canada. Its benefits will be regional rather than national, and it is a poor substitute for constructive effort to establish a close working partnership between Canada and the United States that, had it been done in the past, could well have prevented this particular problem arising at all as far as Canada is concerned.

Hon. Fred M. Blois: Honourable senators, I had not intended to speak on this bill and I did not come prepared with any data. I should commence by saying that I am a little biased because I am a vice-president of a small business in one of the Maritime provinces. We do not have a large number of employees, about 100. Last year we exported over 50 per cent of our goods to the United States, and we may well be seriously affected by the American surtax.

I am likely to say a few things that perhaps I should not say, but when this situation first arose we decided to face up to it. Last week I contacted our board of directors and we discussed the matter very thoroughly. Personally I am against too much of the taxpayers' money being set aside for assisting any industry unless the step is one of great value.

In our particular case we decided to make every effort to obtain business elsewhere or to make alternative arrangements. We decided to contact many of our larger customers in the United States and explain to them why we were unable to absorb the 10 per cent surcharge whether it is on a temporary or permanent basis.

At present we have orders from American firms for delivery in October, November and early December, and some of those orders are now being processed. We contacted 81 customers and explained the situation and asked them if they could see their way clear to take delivery of the orders now on hand and absorb the 10 per cent surcharge. I am delighted to say that only three said they could not do so. It is now our intention to contact these people further.

One firm said to me personally, "We are buying your goods, not because they are made in Canada but because they are of a quality, style and colour which we cannot procure in the United States." I feel that with an effort on our part we may yet be able to pursue that business.

I have great faith in the honesty of other people in similar types of business. I do not believe that our Canadian manufacturers, either large or small, wish to take advantage of these grants or to take money from our taxpayers. The Lord knows that we are overtaxed now. I fully believe that industry will make an effort to hold a portion of this business or do something else to maintain employment.

On motion of Hon. Mr. Choquette, for Hon Mr. Grosart, debate adjourned.

PAROLE SYSTEM

PROPOSED STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—DEBATE ADJOURNED

Leave having been given to revert to Motions:

Hon. Keith Laird moved, pursuant to notice:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

He said: Honourable senators, in view of the fact that the hour is late and several senators have indicated that they will be dealing with this matter at a later date, my remarks in introducing the motion will be brief.

Honourable senators will agree with me that this is the type of examination which a Senate committee is particularly suited to undertake. I do not need to remind the house that our standing and special committees perform a useful function and have had considerable influence on legislation affecting the performance of institutions both in and out of Government.

I myself have no expert knowledge of this topic, and I would defer, for example, to my honourable friends, Senator Hastings and Senator Prowse, both of whom are momentarily absent from the chamber. In any event, it is a pertinent topic for such a committee to examine.

Many Canadians say that our parole system in Canada is too lenient, and that many crimes would never have been committed had the criminals concerned not been released on parole.

I am sure that some honourable senators, like myself, have been importuned to press for the release of a prisoner on the ground that no object is served in keeping him incarcerated. We cannot go along with a system just because it exists. We can no longer be complacent about such things. We have to find out whether the criticism is justified, and whether the present system does or does not work. I suggest that the Senate Committee on

Legal and Constitutional Affairs is particularly suited for this purpose.

I should like to explain briefly the existing system so that honourable senators will understand how it operates.

The concept of parole is not to exact retribution but to re-instate the prisoner in society so that he may perform in a normal manner. At one time the Remissions Branch of the Department of Justice could, under the Ticket of Leave Act, grant parole in certain circumstances. Some honourable members may well recall those days. I certainly recall as a practising lawyer intervening with the Remissions Branch on behalf of certain incarcerated individuals. However, in the mid-1950s a committee was appointed under the chairmanship of Mr. Justice Gérald Fauteux to examine into this question of parole. A couple of paragraphs in the report of that committee are very pertinent:

> We are firmly of the opinion that the parole authority for Canada should be a quasi judicial body rather than, as is presently the case, a Minister of the Crown acting in an exclusively administrative capacity. The parole authority, we believe, should not be one that is liable to be subjected to the external and internal pressures which are, inevitably, brought to bear on Ministers of the Crown—
>
> We recommend, therefore, the establishment of a national parole board, with headquarters in Ottawa ... It has been suggested to us that regional parole boards would be a satisfactory alternative. We reject this suggestion, because we consider that only a national board, having over-all jurisdiction, will be able to develop and maintain a national parole policy and practice, and provide the uniformity of administration that we consider to be so essential in this aspect of the Canadian correctional field.

As a result of that the Parole Act was passed and came into effect on February 15, 1959, establishing a Parole Board of five members assisted by a staff collectively described as the National Parole Service. The jurisdiction of the board covered four points: one, granting of parole to inmates; two, revoking or suspending parole; three, revoking or suspending any sentence of corporal punishment and, four, revoking or suspending any order made under the Criminal Code prohibiting any person from operating a motor vehicle.

The responsibilities of the Parole Service, that is the staff, are to provide for the investigation of cases and the preparation of material pertinent to them for consideration by the National Parole Board, and to provide for the supervision of parolees.

In June 1969, the Criminal Law Amendment Act enlarged the National Parole Board to a maximum of nine members and enabled the chairman to appoint divisions of two or more members with the authority to exercise all the powers of the board. As a result, it is now quite possible for the board, with as few as two members, to visit prisons and hold hearings in order to obtain a better understanding of the cases under review. They are thus able to function somewhat more satisfactorily by being able to talk to the prisoners and obtain points of view concerning whether or not the prisoners should be let out on parole.

For the purposes of assessing an inmate's suitability for parole, the board takes into account the reports of the police, the trial judge or magistrate and the prison officials. In addition, psychiatric testimony and a report on the inmate's family and community background may be required. Responsibility for the collection of this material rests, of course, with the National Parole Service, that is, the staff, through its regional offices. These regional offices number somewhere between 25 and 30.

After the inmate is paroled, his direct supervision may be provided either by the National Parole Service itself or by community social service agencies. While the major concerns of the National Parole Board and the National Parole Service are the rehabilitation of the inmate and his adjustment to society, the system of parole itself involves a substantial saving of public revenue. I am not suggesting that this is the most important aspect of the matter, but it certainly is significant, because it has been estimated that during the fiscal year 1967-68 it cost approximately $750 to keep an inmate on parole whereas each prisoner maintained in a penitentiary cost the state $5,300.

Honourable senators, that is the background. Owing to the lateness of the hour I have only briefly advanced arguments which I hope will be further dealt with by other speakers and which I think should justify the adoption of this motion.

On motion of Hon. Mr. Choquette, debate adjourned.

The Senate adjourned until Monday, October 4, at 8 o'clock in the evening.

THE SENATE

Monday, October 4, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copy of Ordinances passed by the Council of the Yukon Territory at its 1971 Second Session, pursuant to section 20(1) of the Yukon Act, chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1971-1329, dated June 29, 1971, approving same. (English text).

Report on the administration of Part I of the Royal Canadian Mounted Police Superannuation Act for the fiscal year ended March 31, 1971, pursuant to section 26 of the said Act, chapter R-11, R.S.C., 1970.

FINANCE

REPORT OF THE AUDITOR GENERAL FOR 1970—NOTICE OF INQUIRY WITHDRAWN

On the Notice of Inquiry of Hon. Mr. Desruisseaux:

That he will call the attention of the Senate to observations made in the Report of the Auditor General for the year ended March 31, 1970.

Hon. Paul Desruisseaux: Honourable senators, although I had a purpose in desiring to move this inquiry, I find that I am not yet in full possession of the facts. It is inconvenient for me to proceed at this time, and with permission of the Senate, I ask to withdraw the inquiry.

The Hon. the Speaker: Has the honourable senator leave to withdraw his inquiry?

Hon. Senators: Agreed.

Inquiry withdrawn.

TEMPORARY WHEAT RESERVES ACT

FAILURE OF GOVERNMENT TO MAKE PAYMENTS—OMISSION OF ACT FROM REVISED STATUTES OF CANADA, 1970—INQUIRY STANDS

On the Notice of Inquiry of Hon. Mr. Forsey:

That he will call the attention of the Senate to the Government's failure to make certain payments as required by the Temporary Wheat Reserves Act, and to the omission of that Act from the Revised Statutes of Canada, 1970.

Hon. Eugene Forsey: Honourable senators, may I ask permission to have this item stand because I have just spent three days in bed with the flu. I am afraid if I attempted to make a speech tonight it would be a catastrophe at least for me, although perhaps not for the Senate, inasmuch as it would necessarily be exceedingly brief.

PENITENTIARIES

CENSORSHIP OF MAIL—QUESTION

Hon. Earl A. Hastings: Honourable senators, by way of a question to the Leader of the Government in the Senate, I would like to draw to the attention of the house a matter of grave importance affecting the privilege of every person institutionalized in our federal penitentiaries and, indeed, the privilege of every senator. By way of background, may I state that up until June of this year all correspondence directed to or made by inmates in our penitentiaries was subject to scrutiny and censorship by officials of the penitentiary service.

Hon. Mr. Haig: I would suggest to honourable Senator Hastings that he pose his question and omit the preliminary statement. If he wishes to ask the honourable Leader of the Government what rules and regulations are regarding such censorship, then he should do so. We do not need any background or preliminary discussion on it. Just ask the question.

Hon. Mr. Flynn: If it is a question.

Hon. Mr. Hastings: I should point out that I was asking a question, and by way of background I was simply stating that up until June of this year all correspondence directed to or made by inmates in our penitentiaries was subject to censorship. However, in June of this year the Solicitor General made a welcome improvement in that he made possible free access by inmates to their members of Parliament. I was under the impression that senators were members of Parliament along with the Monarch and members of the House of Commons. However, on a recent visit to one of our higher institutions of learning operated by the Solicitor General, a memorandum was drawn to my attention with respect to this privilege granted inmates: It reads in part:

—the correspondence addressed to members of Parliament (federal), the Solicitor General and the Commissioner will be written on the regular paper authorized for inmates' correspondence.

There is more direction as to how to write their letters. It states:

Authority to send or receive sealed letters applies only to the persons above mentioned and not to senators, members of the National Assembly, or members of the National Parole Service.

I checked with the Commissioner of Penitentiaries today, thinking this was an error by a member of the service. I am informed it is not. The statement is exactly correct as provided in the regulations promulgated by the Government.

Hon. Mr. Benidickson: Shame!

Hon. Mr. Hastings: I believe it to be a serious breach of privilege and I would appreciate advice from the Government Leader as to what recourse is necessary to end this unwarranted infringement and censorship of my mail to inmates and that of inmates to me.

Hon. Jacques Flynn: I do not think it is the responsibility of the Government; it is that of the Senate as a whole to look into this. You do not have to receive such a directive; it should be issued from the Senate.

Hon. Paul Martin: Senator Hastings was good enough to bring this matter to my attention just before the dinner hour. As he said, the Solicitor General had made free access available to inmates seeking contact with members of Parliament. It should have been apparent to whoever was responsible for this memorandum that "members of Parliament" under the British North America Act includes members of both houses.

I do not know what is meant in the particular prohibitive section by "members of the National Assembly," unless that means the Assembly in one of the provinces. In any event, I have spoken to the Solicitor General and he agrees that there has been misdirection and, of course, "members of Parliament" includes members of the House of Commons and members of the Senate.

The Hon. the Speaker: Honourable senators, a point of order was raised by Senator Haig. While it might be a little late to dispose of it, may I say for future reference in similar cases that when I call the Question Period I expect honourable senators, under the rules, to ask their questions, and if they wish to preface those questions with a few facts it is hoped that their statements will not be too long. In the present instance, if I remember aright, the honourable Senator Hastings mentioned a breach of privilege, and this might have been a situation in which he could have risen on a question of privilege, which would have involved all honourable senators. I only say this so that when I call the Question Period it will in future prevent honourable senators taking advantage of the situation to make what may be considered too long a statement, or even a speech.

Hon. Mr. Hastings: If I might ask a supplementary question, am I assured that the observations just made by the Leader of the Government will be conveyed to inmates of our penitentiaries to rectify the order as it stands?

Hon. Mr. Martin: I have told Senator Hastings what the Solicitor General has told me. I would only assume that his interpretation of the direction in question will be conveyed to those concerned.

EMPLOYMENT SUPPORT BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, September 30, the adjourned debate on the motion of Hon. Mr. Forsey for the second reading of Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect.

[Hon. Mr. Benidickson.]

Hon. Allister Grosart: Honourable senators, Bill C-262, which has the short title of Employment Support Bill, deals with an emergency in international relations that has been widely described as the most critical situation that has developed in world trade since World War II. The bill is the response by the Government, and perhaps in time by the Parliament of Canada, to that emergency.

We have had from honourable Senator Forsey an understandably glowing account of the bill. I compliment him, not only on his optimism—which I do not share—but also on a very clear and comprehensive description of the purpose, the purport, and the structure of the bill.

Senator Manning, replying immediately to Senator Forsey, expressed some serious reservations about this and other official Canadian responses to the emergency that arose on that famous Sunday in mid-August. I believe that Senator Manning's concern and criticisms are widely shared. That is the conclusion I reach from reading discussions in the other place, in committee, in the public media, and elsewhere.

Personally, I approach the discussion of this bill tonight with rather mixed feelings. On the one hand, I am inclined to admire the speed with which the Government reacted to the emergency and the very definite action it has taken to protect the levels of employment in Canadian industries that may be affected by the 10 per cent surcharge. I also admire the care and caution the Government has taken, in introducing this bill, not to give offence to our major trading partner and, as far as possible, not to create a situation in which retaliation, under the United States laws, would be, as it could be, an obligation on the Secretary of the Treasury.

My admiration is tempered by the fact that neither in speed of action in acting on national emergencies, nor in caution in dealing with our trading partners, has the Government, in the past, given us any reason to hope that in this particular case it might have done as well as it has. It is proper, of course, to give credit where credit is due—which I do now, even though the occasion for the credit may be long overdue, as it obviously is.

On the one hand, I have to say that we as Canadians, and our Government as the Government of Canada, have probably brought this trouble on ourselves. It is possible, though I earnestly hope not inevitable, that the result of this action and other responses by the Government will be regarded by the United States as retaliation. It is only the authorities in the United States who can make that decision. We cannot. I sincerely hope that this will not happen.

On the other hand, the Government has taken a great gamble, in the light of past experience of what constitutes retaliation in international trade relations, in introducing such a bill. If that happens Canada will have the unenvious distinction of having fired if not the first gun perhaps the second in an international round of trade retaliation, which may prove calamitous for us, for the United States, and for other nations.

In reading the bill I see an obvious shifting of responsibility from the Government of Canada to a bureaucratic board which is to be given extraordinary powers and responsibilities. These are powers and responsibilities which the Government should have reserved for itself, because in the months ahead action may have to be taken by the Government and not by this proposed bureaucratic board consisting of not more than four public servants and three other Canadians.

I approach the bill with mixed feelings. The Government has acted with alacrity. Perhaps we should be pleased about this as we have not had much evidence of that over the last few years.

I need not detail all the facts of President Nixon's announcement. It is enough to say that we have been told by responsible ministers what the effect will be. It will affect one-quarter of our total export trade to the United States. If the surcharge is maintained for three months, 40,000 Canadians will be thrown out of work. If it is maintained for six months, the number of unemployed will increase to 70,000, and if it is maintained for a year, that number will increase to 90,000. As the responsible minister indicated, those are perhaps extreme estimates. On the other hand, they indicate the dimensions of the emergency to which this bill is a response.

In taking as sympathetic a view of the bill as I can, I would invite honourable senators to think of it in terms of four or five main questions.

First, was the American action necessary and justifiable?

Second, assuming it was going to happen, could or should Canada have expected exemptions or at least concessions?

Third, will the response to this bill and other actions of the Government help or hinder in the long run a solution of the problems with which we are faced?

Fourth, were there better alternatives open to the Government than the introduction of this bill?

Finally, granting, as I do, that it was necessary to move quickly to maintain employment, having in mind the very high level of unemployment already existing, is this the kind of bill that we should pass without further amendment?

Regarding the first question, from statistics that are available, the drastic action by the United States was absolutely necessary. The United States was faced with a chronic mounting balance of payments deficit which had reached the gigantic sum of $13 billion. Action was necessary not only for the United States, but for all of us, because whether we like it or not as the economy of the United States goes, so goes the economies of us all.

I will not detail at this time the problems facing the United States. All honourable senators are aware of them. Those problems were threatening the world with depression, and it was necessary for the United States to take action. The United States acted firmly and violently and perhaps precipitously, but it acted. And the evidence indicates that the action of the United States has received very wide support among the American people.

In the first half of this year imports into the United States from Japan rose by 31 per cent. American exports to Japan rose by 1.4 per cent. Canadian exports to the United States have risen steadily over the years. From 1960 to 1970 there was an increase of from 56 per cent to 75 per cent or more of our total exports.

In the automotive trade, the surplus of the United States a few years ago amounted to approximately $700 million. This year it has been reduced to a deficit.

Canada's overall trade with the United States has moved from a deficit which existed some years ago to a surplus of $370 million in 1969—honourable senators will note the rate of acceleration—to $1 billion in 1970, and to a projected $1.2 billion this year.

Around the world there has been increasing restrictive legislation, namely, trade legislation, invisible tariffs, administrative procedures, and so on, which restricted the entry of the United States into other markets. There have been unilateral national decisions which have affected United States interests, and these were mounting. Not the least offender in this, if it is an offence, was Canada.

In examining the situation, the United States knew that it held trumps, because no other country in the world perhaps is less susceptible to variations in international trade. They knew that they could take on the world in a trade war, if that terrible eventuality became necessary, and come out of it suffering less than any other country, particularly Canada.

The second question that I suggest might be pertinent in this context is: Assuming that this blow to all trading partners of the United States was inevitable, could or should Canada have obtained, expected or hoped for exemptions or concessions? My answer here, honourable senators, is yes and no. Yes, of course, because of our very special relationship with the United States. Canada and the United States buy from and sell more to each other in any year than they do with respect to any other third country. Our exports account for one-fifth of our total GNP, and at least 70 per cent of those exports rely on the United States market. As I said earlier, that reliance has increased in the last ten years from 56 per cent to 70 per cent. Manufacturing accounts for 22 per cent of all jobs in Canada; 83 per cent or more of our manufactured products sold abroad are sold in the United States market.

Presumably as a result of Government policy and market forces, we have developed over the years a definite pattern of reliance on the United States market. Comparing, for example, the year 1960 to 1969 in respect of the percentage of our total exports going to the United States, in 1960 it was 56 per cent whereas in 1969 it was 65 per cent, and now it is 70 per cent and probably more. Our exports to the United Kingdom in 1960 amounted to 17 per cent of the total. In 1969 that amount decreased to 9 per cent and this year it is lower still.

In that connection I am sure honourable senators will remember the statements made by ministers, public offi-

cials and others, almost in a gloating way, when we were faced with the possible effect on Canada of Britain's entry into the Common Market. We said, "This is great. If this had happened ten years ago, 17 per cent of our exports would have been affected. What a wonderful thing it is that now we have somehow contrived to reduce our exports to the U.K. market to 9 per cent of the total. We are not going to be hurt very much by Britain's entry."

Were we to believe some of the Prime Minister's suggestions, I am sure that there would be those who would very much wish that we had not had this decrease in our exports to the United Kingdom, and the increase in exports to the United States.

We have increased our exports to the Japanese market from 3.4 per cent to 4.7 per cent over the same period. We have dropped our exports from 3 per cent to 2 per cent on the West German market. We have gone from 3 per cent to 2 per cent in Australia, and from 1.3 per cent to 1.2 per cent in the Benelux countries and so on.

There are a few places to which we have increased our exports. For example, in China we have increased our exports from 0.2 per cent to a total of 0.8 per cent; to the U.S.S.R. we have increased our exports from 0.2 per cent to 0.6 per cent. However, I do not think any honourable senator would feel that those increases, fractional as they are, would help us very much in our present situation. You can hardly say that our exports to other markets will do us much good if we are denied access to the American market, or, more importantly, if we deny ourselves access by our own actions. Moreover, the fact is that those other markets for example, the Japanese market, the EEC, EFTA and so on are almost entirely markets for raw materials or very slightly processed materials.

We already have 600,000 people or more out of work. If our response to this latest threat is not good, acceptable and effective, obviously we are going to be faced this winter with a problem of almost unbelievable dimensions for our economy.

That is why the Government has introduced this bill as an employment support bill and has insisted over and over again that that is its sole objective, as Senator Forsey quite properly emphasized. However, there is a distinct possibility that others will interpret our actions differently, and when I express my concern that this will happen it does not detract from the point I made earlier that the Government has made a very complete, and I hope effective, effort to make the title of this bill stick and to convince our friends that it is an employment support bill. Unfortunately, there have been some statements made by ministers and others that would give some justification to our American friends should they wish to interpret it differently. I will come to that later.

As one very astute observer said recently, "Let us face it. We are either tied to the United States for better or worse, or we are adrift." That is the situation I believe we find ourselves in as we look at this emergency.

These indications of our reliances on the American market might have given us reason to hope that our

American friends would say, "Well, Canada is a very special case; we will exempt you from some of the provisions and we will give you certain concessions." This has not happened. I think it is fair to suggest that we should look to ourselves, and stop blaming other people. It is time we asked ourselves if we are to some extent responsible. Have we put ourselves in a position where we cannot really and honestly expect concessions? I think we have.

So that I will not be regarded as entirely partisan at this time, perhaps the first point I should make is that Canada invented the surtax. Our American friends did not invent it. We invented it in 1962. We have engaged in a long series of unilateral actions which have been protested by our friends around the world, particularly by the United States. Our response in every case has been negative and, at times, in international terms, insulting.

We withdrew from NATO unilaterally, and in all the documentation that I have read I have not seen one single word suggesting that Canada paused for a minute to worry about those allies of hers who are on our front line. It is not their front line, because the NATO front line stretches 8,000 miles. Four thousand of those miles are in Europe, but the other 4,000 go across the Atlantic and into Canada. We withdrew over the protests of our friends. We said, "We have to do it. We must look after our interests. We cannot afford to have a defence force this large. We cannot afford to have all of these troops in Europe. Therefore, as a matter of self-interest, we have to let you fend for yourselves."

We extended our territorial waters unilaterally; I protested that in this Senate. Again, of course, we pleaded self-interest and, I think, rightly so. We had a self-interest to protect and it was a good plea, but in my view, honourable senators, it was not a justification for the action we took.

Let us not forget the protests that our American friends raised at that time. They said, "You have lost your case in two United Nations conferences; you were voted down. This is a violation of the international law of the sea." We replied, "Sorry, we have self interest to look after here and we are just not going to listen to your protest." We made no concessions—none whatsoever.

I suggest we are not entitled, for that and other reasons, to expect concessions from our American friends. The same applies to Arctic sovereignty. Again, I agree that self-interest required that we do something about it. I merely say that here again we ignored the protest. We made no concessions following the protests of our American friends.

It is sometimes forgotten also, honourable senators, that in Canada we entertain the second highest structure of MFN—that is, Most Favoured Nation—rates in the world. We talk about our interest in free trade and say we believe in free trade. The fact of the matter is that our MFN rates are second in the world only to those of Japan. This is not a matter of very great satisfaction to our American and other friends.

Recently we passed an act setting up a Textile Review Board. Honourable senators will remember the powers given to that board. Canadian self-interest was involved. Impose super taxes, surtaxes, on anything you wish, but keep out these products of other nations. Again I say there was a good case to be made for our textile industry in various parts of the country. I merely make the point of saying we did not at that time earn concessions from other nations.

The same applies to the recent overhaul of our anti-dumping legislation. I would invite members of this house to read the powers, the very absolute powers, given to the minister to put Canadian self-interest completely ahead of any obligation we have, even under GATT.

I regret saying this, because I have been one who in many ways has admired some of the things that the Prime Minister has done. However, I was shocked to read his statement in response to the emergency situation:

> If they (the Americans) do realize what they're doing and if it becomes apparent that they just want us to be sellers of natural resources to them and buyers of their manufactured products... we will have to reassess fundamentally our relations with them, trading, political and otherwise.

Surely that was provocative—not merely provocative but, I was going to say, silly. However, I do not like to use that word in connection with a statement by the Prime Minister of Canada. Let us say it was ineffective. How are we going to reconsider our relationships? How can we blame the United States in these terms that they just want us to be sellers of natural resources? They have provided a market for 70 per cent of our total exports, and the higher the manufactured content of our exports, the higher the percentage which will go to the United States. It may be 85 per cent or 86 per cent of the highly processed manufactured exports of Canada. What sense does it make to say, "If they do realize what they are doing"? The Americans realize what they are doing; anyone who has read their analyses of the factors leading up to this situation, and their recent analysis of Canada's position in their international trade, can surely not wonder if the Americans know what they are doing.

I would say, by and large, that their knowledge of the inter-relationships between Canadian and American trade is probably greater than our own, great as it is.

The next question, I suggest, is: How will this response, including this bill, help or hinder the resolution of the problem? Of course the bill will help. It will help because of the care and caution that has been taken to avoid, if possible any suggestion that it is retaliatory. Again, it is called the Employment Support Act and great care has been taken in the drafting of the act to make it clear that that is its purpose and effect. It is the title of the bill; it is the spirit of the bill.

The minister said that these very substantial grants that may be given to industries affected under the qualifications laid down in the act will not carry any obligation to maintain the level of their exports, which, of course, is somewhat of an anomaly. Here we have a bill responding to the problem of possible diminution of our exports, and we say that we are going to make grants, but not necessarily to maintain the level of our exports. I am not overcritical of that; it is an anomaly but, on the other hand, it was probably necessary under the circumstances I have mentioned.

Our American friends have not yet responded negatively and, I need hardly say, I hope they will not. One rather interesting reason, perhaps, for their reluctance to respond negatively is the fact that most of this money will go to American companies. Again I am not critical. Obviously, if 60 per cent of our manufacturing is controlled largely in the United States, then any money that is provided in this bill to support manufacturing industries—or manufacturing plants, to be more specific—will go to American firms. However, there are areas in which it can be argued that this response in the bill itself may hinder the final resolution of this problem.

Honourable senators may think I am overstressing this concern with American retaliation. Perhaps I should read what Mr. Connally, who, as we all know, is the key man in the American policy, said as recently as September 30:

> I must say plainly that we find a certain inconsistency between the expressed concerns and the proposed remedies.

He was referring, of course, to this and other remedies suggested by the countries affected by the surtax. He said also:

> Nor can measures by others to resist exchange rate realignment or other adjustment measures by controls, restraints or subsidies—

And that is what we are dealing with in this bill, a subsidy,

> —help the process of resolving the situation promptly and effectively.

I cite that to indicate that this concern about retaliation is not an illusory one. The Assistant Secretary to the Treasury, Mr. Vogel, went so far as to say that this very bill we are considering could invoke countervailing duties. Mr. Howard, the parliamentary secretary to the minister, who piloted the bill through the other place, admitted that the grants made under this measure could be used to maintain our exports abroad, although I must say in fairness that he was very careful to say that it was not obligatory and not an essential motivation in granting. Mr. Pepin himself said he would agree that maintenance of exports would be one of the effects of the bill. As far as I am concerned, it is unfortunate that they parted from the very strict line they had held up to that time, but perhaps one may hope those statements will not be misinterpreted in the United States.

This raises the question, taking the overall view: Is this bill and the various responses taken by our ministers the best possible under the circumstances? There is a very wide consensus that the most effective action the

Government of Canada could have taken in this situation was an overall non-discriminatory reduction in taxes. This has been suggested over and over again by some of our best economists, not only recently but over a long period of time. I personally cannot understand the reluctance and the failure of the Government to take this step.

That is exactly what they are doing in the United States. They have reduced the tax on automobiles. Fortunately, we will be beneficiaries of that, because if it enlarges the United States market the Canadian share of that market will benefit. They have offered substantial tax credits, and even tax cuts, to improve the efficiency of their export industries.

There is now before Congress a bill concerning DISC—Domestic International Sales Corporation—which refers to domestic manufacturing for export markets. It has already been watered down, I am glad to say, in the House of Representatives, and it may be further watered down in the Senate. If it passes, the effect on Canada is something one would not wish to contemplate.

I am quite sure that our ministers and officials are making representations there. I hope they will make a good case, and that some of the omissions of concessions made to others in the past will be at least temporarily forgotten until this DISC bill is disposed of.

Another suggestion that has been made, which may shock some honourable senators, is that the inevitable answer for Canada is to seek closer economic integration with the United States. There are two sides to that question. Personally, I believe that integration, on a planned and programmed basis, of our economy with that of the United States is absolutely necessary. We have integration now. It happens to be unplanned and unstructured, and it is that lack of planning and lack of structuring that has caused the particular problems of this emergency.

I can perhaps sum up the view of those who feel this is a practical way out of some of our difficulties by quoting an editorial in the Montreal *Gazette* under date of September 10:

> No doubt there are political and emotional difficulties in the way of closer ties of any sort with the United States. As far as the livelihood of the greater part of the Canadian people is concerned, however, there is an option that must be considered seriously and not foreclosed by any nationalistic nonsense. That is the option of a closer economic integration with the United States, an integration so tight that Washington could not take any unilateral action that would jeopardize the flow of trade across the border.
>
> There are worse things in the world than customs unions. Massive unemployment, for example.
>
> The ultimate goal of Canada's foreign economic policy should be free trade. There is no reason why this aspiration should be disavowed. Short of achieving it, however, Canada must look out for herself, and if there is going to be a tariff wall around the American market, the sensible place to be is inside it.

The general suggestion of closer integration has been carried even further by some who have resurrected the concept that has been around for a long time, namely, the possible viability of a free trade or customs union with the United States. Indeed, our American friends have made a very close examination of the possibilities in a White House report from the Committee on International Trade Policy. In chapter 10, under the heading "Our trading partners", it assesses the possible general results of such a free trade or customs union. It says, in the first place, that Canada would be obviously the chief gainer; secondly, that it would require a very long transitional adjustment period, obviously because we have been living behind a protective wall for a hundred years; and finally, that perhaps the main objection to it would be not on economic grounds in Canada but on political grounds, which might very well be so.

I come now, honourable senators, to the bill itself. Senator Forsey gave us an excellent, almost clause by clause, explanation. He commented on some of the objections that have been made elsewhere, and gave what I thought were very reasonable answers, having in mind his position as sponsor of the bill. I was not present in this chamber at that time, but I have read the proceedings and was very interested in two interjections. One was by Senator Benidickson, who appeared to object to Senator Forsey's discussing the draft regulations to be made under the act when passed. There was an intervention by His Honour, who pointed out, of course, that our rules say that the principle of a bill shall be debated on second reading. His Honour did not go beyond that, because our rules do not say that nothing but the principle of the bill shall be debated on second reading; they merely say that we shall debate the principle on second reading.

Nevertheless, are these draft regulations part of the principle of the bill? The best answer I can give to that is that of the three basic qualifications required—what the minister himself called the three basic criteria of this bill—only one appears in the bill itself. The two-thirds requirement—which I shall not go into; Senator Forsey explained it—and the 20 per cent requirement are in the regulations. I, for one, congratulate the Government on, for the first time that I know of or that I can recall, bringing before Parliament regulations under a bill. I think it was quite proper for Senator Forsey to discuss them, because they are formally before Parliament, as an appendix to the proceedings of the committee in the other house. Under our rules, I believe it is quite proper to refer to them.

However, this raises an important point. It was raised in an intervention by Senator Flynn, who seemed surprised to find that this bill, which was thought to be temporary, is a permanent measure. Throughout we are told it is aimed as a response only to the Nixon announcement. Then we find, not in the bill, but in statements made in the other place and in committee, that this is a permanent bill. In spite of the fact that the provisions are obviously tailored to the Nixon situation, the Government can now, at any time, invoke this bill by issuing a new set of regulations.

As I say, two of the three main criteria of the bill are to be found in the regulations. The Government has a carte blanche—the kind of carte blanche that no parliament should give to any government in a matter as serious as this. Surely the Government should be expected to come back to Parliament, if another emergency arises, as it may, and put before Parliament what it intends to do to meet that emergency? Sweeping powers are given here, by order in council, to the Employment Support Board. I shall not argue the nice points of the wording, but that board will consist, we have been told, of four civil servants and three others. So this board has in hand not only this particular support bill but, if the Government wishes in any other emergency, other measures to meet action by some foreign power having a like effect. If any action by any foreign power has a like effect, in the opinion of the board, then the matter is in their hands.

It makes a complete retreat possible on the part of the Government from its responsibility. It is not the purpose of Government boards or agencies to allow any government—if I may use this term—to fluff off its responsibility to a group of undoubtedly dedicated civil servants.

Of course, in an emergency like this, I agree that there must be a degree of flexibility. This is always a point put forward in such cases. There must be flexibility, but should the flexibility extend to the setting up of a board of this kind, with no appeal whatsoever from its rules? It is made very clear, in what has been said about this measure, that there is no appeal from the board. It has absolute power. It has $80 million now, and it could have millions more in the not too distant future, under certain circumstances, and there is no appeal from its decisions.

There is a definition of "manufacture". It is not even an original definition. As a matter of fact, it is a very bad one. It is imported from another place, the GAAP provisions, without much consideration for its relevance in this particular situation. It excludes a fairly wide range of agricultural products. Of course, it has been said that these will be dealt with under another department and another bill, the Prairie Grain Stabilization bill. However, I regret that the Government has seen fit, in an important matter such as this, to make sheep of the manufacturing industry and goats of our primary producers.

Surely the purpose of this bill is to support employment wherever there is a threat to employment as a result of the American surtax or other action. Surely it should apply across the board to any Canadian employer of labour who is affected. It is possible, of course, that some might be affected other than in their export business. That is the place where other existing support measures would be used.

In the flexibility given to the board, it can waive any or all of the three basic criteria, or it can hold a manufacturer, or a plant which applies for relief, to its own line, and there is no appeal.

The minister has said that anybody can go to him. The bill says that the board shall operate under the direction of the minister. He says that he will not direct the board, that he has never directed any board, but that people still can come to him. That is not good enough. Surely the right of appeal from any board should be written into any act passed by this Parliament?

There are some hopeful signs. One would hope that the American action will be successful in respect to their own problems. If it is, we, above all countries in the world, will be the gainers. If the Americans are successful in bringing about more realistic exchange rates, again we will be the gainers, because realistic exchange rates will give us greater access to other markets.

Honourable senators, I had intended to read a summary of the situation made by Mr. Meyer of the Montreal *Gazette*, for whom I have great respect, but on second thoughts I shall not do so. It was written early on, and it is rather more caustic in its criticism of government action than I want to be at this time.

May I conclude by hoping that the Canadian attitude to this emergency will be that it may have done us good and may make us recall the fact that in many ways we deserve it. I hope we will respond in the spirit of those lines of Kipling which he wrote to the British people after the Boer War:

> We might as well admit it,
> As a sporting people should,
> We have had no end of a lesson
> And the lesson will do us good.

Hon. Paul Martin: Honourable senators, in view of the one or two speeches which have been made, I feel it incumbent on me to say something at this time on behalf of the Government.

I wish to congratulate Senator Forsey on his initial effort in the presentation of a bill in this house. He covered the matter comprehensively and, as I am sure we all agree, in an impressive manner.

Senator Grosart, in commenting on our relations with the United States arising from the introduction of this bill, said that we had really brought the trouble on ourselves, that the bill represents the first gun to be fired by any nation since August 15, following the imposition of the 10 per cent surcharge on American imports.

Hon. Mr. Grosart: I know the Leader of the Government does not wish to misrepresent me. I merely wish to say that I said nothing of the sort.

Hon. Mr. Martin: If Senator Grosart tells me that he said nothing of the sort, then I willingly accept the correction. But he conveyed to me the impression that the bill represented the only action taken by any nation since August 15 with regard to the American surcharge.

Hon. Mr. Grosart: I said nothing of the sort.

Hon. Mr. Martin: As I said, I accepted that.

Hon. Mr. Choquette: But you continued on the same line.

Hon. Mr. Martin: My impression was that Senator Grosart regarded this as the first measure of its kind to serve as a retaliatory measure. The Government has made it clear—and indeed Senator Grosart himself made it clear tonight—that this measure is designed to try to deal with unemployment in Canada at the level due to the 10 per cent surcharge imposed on August 15—

Hon. Mr. Flynn: I hope not.

Hon. Mr. Martin: —through grants to industry in respect of two-thirds of the cost involved.

Senator Grosart went on to say that there were five questions that needed answering. First, was the United States action justifiable? The answer is that in the view of many countries the surtax was not necessary.

We recognize that the United States had a serious balance of payments problem. The situation in relation to the Canadian exports to the United States and American exports to Canada is clearly indicative of the problem that faced that country. But it should not be forgotten that Canada, in her relations with her best customer, the United States, has had an unfavourable trade balance for a considerable length of time. Our favourable balance at this time is exceptional.

Senator Grosart's second question was: Could Canada have expected exemption? The Canadian Government felt that as the country most affected in terms of the percentage of exports, Canada had a good case.

Some people have criticized ministers of the Government for going to Washington so early in an effort to get an exemption. One is constrained to observe that had they not gone, there would have been considerable criticism because we had not made the effort.

Senator Grosart's third question was—

Hon. Mr. Flynn: You have not completed your answer to the question. You said, could Canada expect special terms? I would like you to elaborate on that.

Hon. Mr. Martin: The question was: Will the action taken by the Government hinder the solution proposed for this problem? The solution is designed, as Senator Grosart emphasized, to try to maintain employment and mitigate unemployment caused by the surcharge.

Senator Grosart's fourth question was: Were there any other alternatives? What other solution could have been put forward?

Hon. Mr. Flynn: That is a little better.

Hon. Mr. Martin: Senator Grosart's final question was: Will this help the unemployment problem? That question is a corollary or part of the fourth question.

Hon. Mr. Choquette: The answer is, very little.

Hon. Mr. Martin: No one denies the fact that the United States had to act. I have already accepted that. The question is, was the surcharge necessary? Does the effect of the surcharge create a situation that could well lead to a trade war, which is something that I think most nations at this stage are very anxious to avoid.

Senator Grosart was on rather dangerous ground when he suggested that perhaps action had been taken with regard to Canada as a result of our stand on NATO, as a result of our Arctic policy, a policy designed to prevent pollution of the environment in what is perhaps the last remaining frontier of the world.

I am sure Senator Grosart intended this merely as a debating point and not as one of substance. The United States surcharge does not apply to Canada only. It applies to all countries. The United States did not take action only against its best customer. It took action against all countries.

Hon. Mr. Walker: Including Canada, its best customer.

Hon. Mr. Martin: As Mr. Connally, the Secretary of the United States Treasury, indicated, he was not anxious to have any country consider that it had special privileges, because the policy of the United States, designed to meet its own economic difficulties arising from its balance of payments, was due to factors applicable to all countries.

Hon. Mr. Flynn: Are you suggesting that you would have done the same thing as President Nixon?

Hon. Mr. Martin: No, I do not think that follows. Senator Grosart came very close to the argument presented the other day by Senator Manning in his vigorous speech. I hope that Senator Manning will not object to my saying that there were some imputations in his speech which I, as a representative of the Government, felt should not go unanswered. He said, and I quote:

> I suggest that the Government of Canada should not be permitted to make this recent United States action a scapegoat for its own failure to preserve sufficient buoyancy in the Canadian economy to maintain a level of employment that is satisfactory to the Canadian people.

Admittedly there is high unemployment in Canada. But I have detected no sign whatsoever on the part of the Government to blame the United States surtax for the unemployment that existed in Canada prior to August 15. Nor am I suggesting that any unemployment since that date is due entirely to the action taken by the United States.

Unemployment in Canada is a matter of concern to all of us including federal and provincial governments. The Government of Canada is not indifferent to the unemployment which existed prior to the imposition of the American surtax. Indeed, it was concerned about the extent of unemployment, without the prospect of additional unemployment occasioned by the American surtax measures. If we were suffering from overemployment, we might be indifferent to the United States surcharge. It is precisely because of the degree of unemployment which we have been experiencing that

makes us so concerned about the additional problem caused by the United States action.

I hope I will not be accused of downplaying the extent of unemployment if I mention a few improvements that have been made in recent months. In the first half of 1971, for example, the real increase in goods and services in Canada was 6.2 per cent at an annual rate. This was virtually double the growth for 1970. The increase in the gross national product in the second quarter of this year was the largest quarterly increase in two years. It was at an annual rate of 8.9 per cent. The economy has produced an additional 245,000 jobs in the past twelve months. That is a quarter of a million jobs. There was a slight increase in seasonally adjusted unemployment in the month of August. This was some 6.3 per cent in July to 6.5 per cent in August. What is significant about this figure is that the increase was largely due to teenagers from 14 to 19 years of age. For the entire labour force, apart from these teenagers, there was actually a decline in adjusted unemployment. The extraordinary increase in the inflow of teenagers into the job market has created the problem. There were 505,000 teenagers who joined the labour market in the spring and summer of 1971.

Hon. Mr. Flynn: On a permanent basis?

Hon. Mr. Martin: The actual increase in employment of teenagers this spring and summer was unprecedented. There was an increase of as much as 439,000. The unusual situation thus occurred this summer of the highest level ever of employment among teenagers combined simultaneously with an increase in the numbers of unemployed teenagers.

Hon. Mr. Flynn: How do those figures compare with the figures of the Dominion Bureau of Statistics?

Hon. Mr. Martin: I mentioned the index of teenage unemployment—

Hon. Mr. Flynn: There was an interruption by Senator Denis who reminded us of the speeches made by the Government Leader when he was in the House of Commons under the previous administration.

Hon. Mr. Martin: I do not mind if the Leader of the Opposition wishes to make use of my discarded opinions.

Hon. Mr. Flynn: Will the Leader of the Government not try to explain them?

Hon. Mr. Martin: I mentioned it because it is one of the few figures that did not show a very distinct improvement this summer. In other respects, we were making remarkably good progress in the fight against unemployment until we received the shock of the announcement of the American surcharge on August 15. While there is no intention of making a scapegoat of the American Government, there is no question that the imposition of the American surcharge has considerably complicated our prospect this winter of dealing satisfactorily with the question of unemployment.

I would like to move on to another accusation of Senator Manning. He said, and here again I quote:

> ...had the Canadian Government spent as much effort cultivating mutually beneficial relationships with the United States as they had spent in fostering anti-American sentiment in this country, we would today at least be dealing with Washington from a position of strength and understanding instead of a position of weakness and obviously some resentment.

Senator Manning went on to suggest that the Prime Minister of Canada was more interested in cultivating the friendship of Moscow than that of the Government in Washington. Senator Manning is an experienced and fair-minded man and I am sure that on reflection he would regard this criticism as being far-fetched.

The American surcharge was imposed on particular products imported into the United States and was not directed at any particular nation. It may be that some nations have suffered more from this surtax than others, but the application was universal.

Hon. Mr. Flynn: Are you defending the bill or the United States?

Hon. Mr. Martin: No exceptions were made, nor have any as yet been made. The surcharge would have been imposed on Canada's trade as it has been on other countries' trade, whether or not our Prime Minister had visited Moscow. There is no more connection between the surcharge and Canadian relations with the U.S.S.R. than there is, for example, between the SALT talks between the Soviet Union and the United States and the fact that Canada happened to have built up a trading surplus with the United States. The Americans have made quite clear to us that the surcharge is not specifically directed against us.

Hon. Mr. Flynn: What difference does it make?

Hon. Mr. Martin: Whether our reservoir of goodwill in Washington is deep or shallow does not really help us much in these circumstances. The countries whose currencies the United States was anxious to see strengthened, and whose favourable trading bank balances the American administration was hopeful of seeing reduced, were Japan and Germany. It happens that the Mexican and Canadian economies are likely to be more severely hit than the Japanese or the German, but this was quite inadvertent, and an unintended by-product of the surcharge. Although the Americans did not only have Canada in mind when they introduced it, I suspect that they could not quickly grant an exemption from the surcharge without weakening their whole negotiating position with other countries. Although the Canadian Government naturally had to make every effort to try to obtain exemption from the surcharge, I see no reason to disbelieve the Americans when they insist that their refusal to grant us an exemption has nothing to do with the quality of our Canadian-American relationship.

Senator Manning touched briefly on section 11 which he considers to present a problem. This is the section

which Senator Forsey, in moving second reading, described as the essence, the pith, and substance of the legislation. Senator Manning suggests that the impact of the American surtax is only one of a number of factors which determine whether particular Canadian manufactures acquire a specific market in the United States. Section 11 reads in part:

> ... a manufacturer who establishes that the work force at his plant is or is likely to be significantly reduced through lay-offs during a specified period by reason of the application of measures taken by other countries in respect of imports therein from Canada,—

This means that if the manufacturer thinks that his work force is or is likely to be significantly reduced, then he can apply to the board created by Bill C-262. Senator Manning asked precisely how is this manufacturer to establish whether it was or was not the surtax which was responsible for its not getting the market and consequently having to lay off men and therefore come under the provisions of this bill with respect to the reduction of unemployment in Canada. The number of factors bearing on the situation may indeed be complex, but a manufacturer may well consider that the surtax is or is likely to be the cause. If the manufacturer believes he has a plausible claim, he appeals to the board. The determination of whether or not the manufacturer's case is a valid one may be difficult for the board but it does not prevent the manufacturer from making the claim. It will be a question of fact. Certainly the board will have some difficult decisions to make, but then the whole impetus behind the passage of this bill is the difficulties created by the surcharge measure.

Senator Manning also wonders what the position will be of a small industry which feels that it qualifies under this act for assistance and then discovers, at a later period, that the firm does not qualify and so does not get the assistance. Senator Manning anticipates a situation in which a company overcommits itself, and then either goes bankrupt or has to reduce its employment considerably. I do not wish to anticipate how the board may be able to act. Perhaps there may be some delays which cause uncertainty for small industry. If, however, a small industry were to go ahead and spend money which it hoped it would receive as compensatory payments from the Government, even though the board has not yet allocated the funds, then that small industry would be taking a considerable chance. It is not good business procedure, whether for small businesses or large ones, to make payments of various kinds when the resources for such payments have not yet been committed. If, however, the board had once authorized payments under Bill C-262, then the industry in question should receive the funds whether or not the question subsequently arose as to whether the payments were completely in keeping with the act. Should circumstances alter, I would hope that the board would abide by its original commitment, for the intention of the board is to assist industry, not to induce industry into a position of reversing itself on policy.

I should like to deal with one other criticism of Senator Manning. He is apparently afraid there will be some adverse regional reaction. He anticipates that the lion's share of the $80 million of the taxpayers' money will go to the central provinces, and perhaps British Columbia, but not to the Prairies or to the Maritimes. I think Senator Manning will have to recognize that the purpose of the bill is to assist industries that have been adversely affected by the surcharge. If the industries that have been adversely affected are in particular regions, then the compensation will go to those particular regions. If other regions have not suffered from the surcharge, then it is reasonable that those regions that have not suffered much would not be given the same compensatory payments as those regions which have suffered from the surcharge. I call Senator Manning's attention to the statement of the Minister of Agriculture about the position of both processed and non-processed agricultural goods. The legislation is intended to cope with unemployment created by the surtax, not with unemployment created by other circumstances; nor is it intended to cope with the general question of regional disparity. It is a limited measure with limited application, and it is not intended to prove a panacea for all our ills.

Senator Manning said at the conclusion of his speech:

> Honourable senators, again coming back to this inescapable inter-relationship between our economy and theirs, if the American economy ever goes under, we go under with it. Let us not shut our eyes to that fact. If a strong United States economy can be preserved, it is our best guarantee in Canada of economic health and a high level of employment in this country.

I agree with the inescapable inter-relationship and the compulsions which flow from it. I agree we must have a strong United States economy. I would suggest, however, that it is equally important that we have a strong Canadian economy. We do not expect to have a strong Canadian economy through weakening that of our neighbour or of any other country, but equally we do not expect to have a strong American economy by virtue of weakening the Canadian economy.

Hon. Mr. Walker: Hear, hear.

Hon. Mr. Martin: That is the problem that faces the Government in this situation. These artificial barriers to trade, such as the recent surcharge, are not, in our judgment, conducive to developing world trade. Neither are they conducive to the economic welfare of Canada, nor are they, we submit, conducive to the best interests of the United States.

There are various methods other than the imposition of the surtax by which the United States might help to overcome its economic problems without having the same disruptive effect on world trade and on bilateral Canadian-American trade. We do not think that the surtax is the best measure either for the United States or for others; but this bill is directed not with the object of engaging in a retaliatory trade effort. It is not part of a trade war. It is simply the Government's way of dealing with a particular situation in which many people may

find themselves out of work as a result of the surcharge. This bill is designed to maintain employment and nothing more.

That is the purpose of this bill. How well it will succeed remains to be seen. It is not intended to bring into being in the United States any countervail. It is not in any form a retaliatory measure. This we have made clear to the United States.

As Senator Forsey pointed out in answer to a question by Senator Flynn, this bill, in the generality of its terms, is capable of being applied to other commodities or to another country if a similar situation arises that affects employment. Surely no one country, when faced with the high level of unemployment we are faced with, could be criticized because it resorted to a measure designed to mitigate a level of unemployment that developed as a result of actions taken outside the country. I think this bill represents a careful effort. I am sure that when the bill is carefully examined in committee there will be an opportunity of going into other matters. I say this not with the idea of precluding debate but just to indicate the importance that the Government attaches to this measure. It in no way involves any consideration of foreign policy. It was not brought about because there have been disagreements between Canada and the United States in foreign policy.

Hon. Mr. Flynn: Where does foreign policy begin?

Hon. Mr. Martin: It was not brought about because of foreign policy moves. To argue otherwise does not do justice to the United States. That does not do justice to the friendship and the understanding and the collaboration that prevails now, as heretofore, between our two countries. I can only think that that point was made not for the purpose of belittling this bill but for the purpose of making a debating point. I cannot feel that, on reflection, it is a point that anyone would wish to affirm.

On motion of Hon. Mr. O'Leary, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, October 5, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANADIAN PARLIAMENTARY GUIDE

BIOGRAPHIES OF SENATORS

The Hon. the Speaker: Honourable senators, a few months ago there were some requests by honourable senators who were contemplating making some changes, major or otherwise, to their biographies in the *Canadian Parliamentary Guide*.

It is appropriate at this time for me to remind honourable senators that such changes must reach the office of the editor of the *Canadian Parliamentary Guide* before January 1, 1972. In order that honourable senators might have complete information, I should like to put on *Hansard* that any changes they wish to have made to their biographies should be sent in writing to the following address:

The Canadian Parliamentary Guide,
Editing and Administration,
P.O. Box 3453 Station "C",
Ottawa, Ontario.

INTERNAL ECONOMY

SUPPLEMENTARY BUDGET OF NATIONAL FINANCE COMMITTEE TABLED

Hon. Donald Smith: Honourable senators, I desire to table the report of the Standing Committee on Internal Economy, Budgets and Administration approving the supplementary budget of the Standing Senate Committee on National Finance with regard to its examination of the question of fiscal and monetary policy in Canada.

BUDGET OF BANKING, TRADE AND COMMERCE COMMITTEE ON 1971 TAX REFORM LEGISLATION TABLED

Hon. Donald Smith: Honourable senators, I should like to table a report of the Standing Committee on Internal Economy, Budgets and Administration approving the budget of the Standing Senate Committee on Banking, Trade and Commerce with regard to its examination of the 1971 Tax Reform Legislation.

SENATE ACCOUNTS

SECOND REPORT OF STANDING COMMITTE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

Hon. Donald Smith: Honourable senators, the Standing Committee on Internal Economy, Budgets and Administration makes its second report as follows:

Your Committee to which were referred on 27th May, 1971, the Clerk's Accounts, being a detailed statement of his receipts and disbursements for the fiscal year 1970-71, reports as follows:

Your Committee has examined these Accounts together with supporting statements and finds them to be in accordance with the Estimates submitted by the Senate for the fiscal year 1970-71.

Your Committee has been provided with any additional information requested by it. The Clerk has certified that his Accounts were audited by the Auditor General and that authority exists for all payments made. The sums expended appear to be in keeping with the duties of and the tasks undertaken by the Senate and its Committees.

Your Committee draws attention to the extraordinarily high cost of printing which is borne by the Senate. The total cost of printing $952,675.46, is broken down as follows:

Debates	$156,346.98
Committees	617,892.79
Minutes	56,219.28
Other Printing	122,216.41

All charges for printing were paid to the Canadian Government Printing Bureau.

It is recommended that officials of the Canadian Government Printing Bureau be invited to appear before the Committee to explain the composition of the printing charges.

It would appear that Senate expenses in this respect could be considerably reduced if committee chairmen were made aware of the very high cost of printing and, consequently, exercised care toward eliminating any unnecessary printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Smith moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

OFFICIAL REPORT

CORRECTION OF STATEMENT

On the Orders of the Day:

Hon. Jacques Flynn: Honourable senators, before Orders of the Day are called I wish to comment on the published report of yesterday's *Debates*. On page 1306 I am reported as having interrupted the speech of the Leader of the Government. My interruption has lost all meaning because of corrections having been made to the text of the speech of the Leader of the Government.

Hon. Mr. Langlois: It made no sense last night either.

Hon. Mr. Flynn: I will never try to make any sense to Senator Langlois. That is the least of my preoccupations.

Hon. Mr. Langlois: You are so superior.

Hon. Mr. Flynn: I do not need to be superior to say that to the honourable senator. He should not interrupt. If he wants to get into the same league as Senator Martin and myself he will have to work harder at self-improvement.

Hon. Mr. Martin: I thought you were good friends.

Hon. Mr. Flynn: We may still be tomorrow. But in the meantime, he has attacked me. I hope Senator Langlois will allow me to complete my remarks, since they were not addressed to him. I do not think that he should fear that Senator Martin needs any help. Senator Martin has been in Parliament for a good many years and should be able to defend himself, even if he does not like to indulge in the cut and thrust of real debating, as he showed last night in continually refusing to answer all the questions I put to him.

I am sorry that I allowed the remarks of Senator Langlois to distract me from my main theme. At the top of page 1306, the report reads:

> —this measure is designed to try to deal with unemployment in Canada at the level due to the 10 per cent surcharge imposed on August 15—

I am reported as having interrupted with the words "I hope not."

What the Leader of the Government said was that this measure was intended to maintain unemployment at the level prevailing on August 15. My remark then makes very good sense.

Hon. Mr. Martin: I could make a comment at this time, but I will not. I will make it in private.

THE SENATE

SOUND AMPLIFICATION AND SIMULTANEOUS INTERPRETATION SYSTEM—QUESTION OF PRIVILEGE

Hon. J. Campbell Haig: Honourable senators, now that this by-play is over I rise on a point of privilege. This is a matter affecting both honourable senators as well as the public.

I am informed that it is very difficult—in fact, sometimes impossible—to hear the gems of wisdom which issue from the members of this house. My informant tells me that last night he had difficulty in hearing the brilliant remarks of the Leader of the Government in defence of the Employment Support bill. He was angry at having to struggle so hard to hear what the leader was saying.

I believe, honourable senators, this results from a defect in the amplification and simultaneous interpretation system we have in this chamber and in the galleries. I would ask His Honour the Speaker to investigate the possibility of improving the system to permit all the remarks of honourable senators, whether proper or improper, to be heard by the visitors in the gallery.

I raise this point because I understand it was possible a few weeks ago to install a second public address system and special interpretation equipment for the NATO Assembly when they used this chamber, and, therefore, it seems to me it should be possible to arrange for an improvement in our present system.

I am not sure which committee should consider this matter. I do not know whether it should be referred to the office of His Honour or the Governement Leader, or to the Internal Economy Committee. However, in my view, it is unfair that members of this chamber could not hear very much last night, and the public could not hear at all. I suggest that if we want any brilliant remarks we make to be heard by members of the public and the press we should have the facilities that make it possible.

The Hon. the Speaker: This is a matter that is always under serious consideration. In fact, there was a meeting this morning of the Internal Economy Committee and this matter was discussed. Perhaps the Chairman of the Internal Economy Committee would like to say a few words about this now.

Hon. Donald Smith: I do not particularly want to say a few words about it.

Hon. Mr. Haig: Could you please speak louder? We cannot hear you.

Hon. Mr. Smith: I shall just advise my honourable friends that if they wish to hear what is being said in the chamber there is a device on all the desks which works perfectly well. If a senator wishes to hear he can do so if he goes to the trouble of putting on his earpiece.

I would also advise honourable senators that because the North Atlantic Assembly meeting required four language channels special equipment had to be installed on a temporary basis. It involved the cutting out of the speakers which are on the fronts of the desks, for example, and it also involved the square black box which is on the side of each aisle.

In order to put our amplification system back to strength, the Bell Telephone Company must have an opportunity to get into the chamber and remove the other system which was installed on a temporary basis. Once that has been done our own system will work better. The system used by the North Atlantic Assembly, being a four-channel system, is not an appropriate one for our galleries.

Arrangements were made some time ago that required a decision on the technical problems involved. I believe these have now been solved, and authority has been given, by resolution of the Standing Committee on Internal Economy, Budgets and Administration, to solve the problem in the galleries, so that not only those who visit our galleries may hear what we have to say, but that they may also understand in either of the two official languages. I am hopeful that this can be completed without undue delay.

I trust that this will provide an understanding of the problems involved.

Hon. Mr. Haig: I do not care whether it is a four-channel or a two-channel system. All I want is something

which will enable the members of this house, those in the galleries, and the press behind His Honour, to hear what is going on. I am not concerned with black boxes or yellow boxes. All I want to know is that at some time, somehow, there will be a solution to the difficulty of hearing the speeches in this chamber, so that they may be heard by all.

EMPLOYMENT SUPPORT BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Forsey for the second reading of Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect.

Hon. M. Grattan O'Leary: Honourable senators, my first comment must be that it is all right with me if the acoustics of this chamber prevent anybody from hearing me.

So far as the arrangements for the North Atlantic Assembly are concerned, I sat in the gallery for a few of their meetings, and I am bound to say that I do not think it mattered a tinker's curse whether anybody—here or abroad—heard them or not. What the North Atlantic Assembly says in this chamber or any other matters not at all to the world.

Incidentally, I have always protested that the chamber of the Senate of Canada should not be turned over to all these wandering minstrels who come here from Europe, whether from NATO or other organizations of that kind. I notice that at Westminster they do not meet in the House of Commons or in the House of Lords. We should respect this chamber a little more than we do, and it should not be turned over to all these adventurers who come from Europe and elsewhere to settle all the problems of the world, but who settle exactly nothing.

Before coming directly to my main assignment, I cannot refrain from dealing with the remarks made yesterday by the distinguished Leader of the Government following the speech made by Senator Grosart. I do not agree with everything said by Senator Grosart, although I recognize him as one of the preeminent members of this chamber, a great and distinguished senator. I am thinking of what the Leader of the Government said apropos some remarks made by Senator Grosart about unemployment. The Leader of the Government said that we—meaning the Government—were making extraordinarily good progress in solving the problems of unemployment and inflation until this blow fell upon us from Washington.

I always like to hear the honourable Leader of the Government on unemployment. I heard him speak on unemployment many, many years ago. I have remarked before that I remember sitting in the press gallery of the other place, when day after day without fail we all watched the present Leader of the Government in this house rise and, with tears in his voice, say, "Surely the government is doing something about unemployment, which is bearing down with such hardship and misery upon our poor unemployed people." It was wonderful to hear him. He was a great performer in opposition. He and Mr. Lionel Chevrier shared the task every day of asking what was to be done about unemployment. His voice is muted now, or it is used to tell us, as he did last evening, that until these blows fell upon us from Washington his Government was making wonderful progress in dealing with the unemployed.

When it was pointed out to him that the July figures really showed an increase, he said this was true and he gave the exact figures, but he said the increase was due to the number of students who had joined the labour force.

Honourable senators, did Senator Martin and the incredible Mr. Benson not know that this was coming? Were they not aware of the student labour force? They assured us, day after day, that come July and August the whole picture of unemployment would change. It did not change. Their prophesies were like some of the other things—worth nothing at all. In May and June, they told us they had licked inflation and that, come a few more weeks or months, unemployment would be licked, too. We know now that inflation was not licked; it was greater in July than ever before. So was unemployment. One may twist figures as one will, and talk about seasonal adjustments, and so on, but the actual facts, demonstrable from Government reports, are that, seasonally adjusted, unemployment has not been below 6 per cent for over a year, that one-quarter of the unemployed have been without work for more than six months, and that unemployment has reached a disastrous level among our youth.

These are incontestable facts. I do not like to see the Leader of the Government in this house—a public man for whom I have a great deal of respect and, indeed, affection—rising in this chamber and acting as a sort of gramophone for the incredible Mr. Benson.

There was another part of the leader's speech to which I object also. He was then replying to Senator Manning. In my judgment, Senator Manning uttered words of wisdom the other day, words that needed to be said, words that should have been said again and again by public men in this country during the past two years. We have permitted what I call the word intoxicated pseudo intellectuals to rail and rant against the United States. Read their speeches, read their publications, and you will find this constantly growing strain of hostility and anti-Americanism. Can anyone really believe that the American people did not observe this sort of thing? I will come to that in a moment.

I myself went to Washington a week ago, and spent a week there. I talked to some of the leading men in Congress, and to some of the leading men in their bureaucracy. They know what is being said in Canada. They know what our Prime Minister said when he went to Moscow. Senator Manning was perfectly proper when he drew attention to that.

We have people in Canada who are obsessed with anti-Americanism. My memory goes back 60 years to 1911...

Hon. Mr. Martin: Would my honourable senator permit a question?

Hon. Mr. O'Leary: Yes, indeed.

Hon. Mr. Martin: I do not disagree with Senator O'Leary in what he said about those who indulge in anti-Americanism, but could he specifically indicate what he objects to with regard to remarks that the Prime Minister made, or is supposed to have made, in Moscow?

Hon. Mr. O'Leary: I object to the words "supposed to have made". He made those remarks on a television program, and the whole world heard him. Why does the leader say he was supposed to have made them? He cannot crawl out of what he said by saying he was supposed to have said it. You cannot blame the media. We heard him. It was broadcast even in Canada from Moscow. He spoke of this influence of the United States being not only economic but military. He used the word "military", and he said that this was disturbing the Canadian people. There is no doubt about that. It is all right to blame the newspapers and say he did not say it, but in this case we heard him. We heard him say it, and the question is why did he say it? Why go to Moscow to cast this reflection upon your closest neighbour, your closest ally?

Hon. Mr. Martin: I do not like to interrupt my friend, but this is an important matter. Senator O'Leary speaks of words that the Prime Minister is supposed to have used in Moscow that reflected on the United States. I should like to have those words, because I have seen what the Prime Minister said, and that is not my interpretation.

Hon. Mr. O'Leary: I do not know what interpretation my honourable friend made, although I suspect that the kind of interpretation he would make would be favourable, but I do not think it is the interpretation of the majority of the Canadian people who heard the remarks. I know it is not the interpretation of the people of Washington to whom I spoke.

Hon. Mr. Forsey: Quote the words.

Hon. Mr. O'Leary: I do not have them before me, but you heard them, too, and you know perfectly well that what I am saying is true.

The way our newspapers, our academics, and so on, treat the public men of the United States is appalling. I have seen again and again—and I hope Senator Forsey does not contradict me here, or you either, Mr. Leader—cartoonists in Canada caricaturing the President of the United States and calling him "Tricky Dick".

Hon. Mr. Martin: I agree with that.

Hon. Mr. O'Leary: You agree with that. Well, that is not all. Do you think the American people have not noticed that? Do you think they are stupid?

But there is more than that. Do you know the sort of people in Canada who have been referring to the President of the United States as "Tricky Dick"? I will tell you who they are. They are the people who have never forgiven Mr. Nixon for exposing Alger Hiss. That is a fact. As a young congressman, Richard Nixon brought Alger Hiss and Whitaker Chambers to a hotel room in New York and confronted the two, and that confrontation showed that Alger Hiss was a liar and a perjurer. I read the transcript of that evidence. He was a liar and a perjurer, but the communists and their fellow travellers have never forgiven President Nixon for exposing him. That is a fact, and this has gone on, and on.

We tell ourselves that the American people do not know us, but how well do we know the American people? Do you get to know the American people by going to play golf in Miami? Do you get to know the American people by taking a room at the Waldorf Astoria? No, but you do get to know the American people by reading American publications, which, incidentally, are the best published in the English-speaking world. There is no publication today, even in England, that can compare with the publications in the United States, but are they read by Canadians? They are not.

When I was chairman of the Royal Commission on Canadian Publications, one of the things I found was that we do not read American writers of any stature at all. And yet Vincent Massey began much of the trouble we find ourselves in now by publishing the report of the royal commission of which he was chairman. He began much of the anti-Americanism we find today, this man who had become more English than the English.

I am sure if the Leader of the Government in the Senate would read what Mr. Mackenzie King said in his diaries about Vincent Massey, the leader would realize that Vincent Massey had become more English than the English. In his opinion the Americans were the barbarians about to overrun us with their monolithic, evil culture. In his opinion they were about to submerge us. It was with Massey that the present wave of anti-Americanism began.

A few moments ago, when I was interrupted, I was about to say that my memory goes back to 1911. I followed Sir Robert Borden and Sir Wilfrid Laurier in the campaign that took place in that year. There was anti-Americanism then. In fact, I saw one candidate walk out on the platform wearing a waistcoat with a Union Jack. That is the sort of thing we had in 1911, and we have not recovered from it yet. That is the sort of thing that we are having now, and I was bound to tell some of my American friends about this the other day, because I wanted to enlighten them on what they are doing to us with this surcharge. But there is more anti-Americanism in Canada today than there was in 1911.

Hon. Mr. Benidickson: That is something.

Hon. Mr. O'Leary: Yes, it is something, and my honourable friend knows all about it. I do not know if he remembers the year 1911 but I do, and some of the nonsense that was talked then by my party was deplorable.

Hon. Mr. Benidickson: That is right.

Hon. Mr. O'Leary: Yes, that is right, but yours is talking the nonsense now. We got cured of ours, but you have not.

Hon. Mr. Benidickson: That is the comparison I wanted.

Hon. Mr. O'Leary: Yours uses every opportunity it gets, as is evident from the visit of the Prime Minister to Moscow. I repeat again that he said things there that were unwise, mischievous, and unjust.

I am not saying that this surcharge comes as a result of that—I know why they put the surcharge on—but I do think that I can show that we could have been exempted from that surcharge. We could, because if you look at the President's speech announcing that surcharge you will see that Canada had nothing to do with the causes, circumstances, and reasons Mr. Nixon gave as compelling him to do what he was doing. We had nothing whatever to do with those causes or circumstances. Certainly, therefore, he could have exempted us because we had nothing to do with what he was trying to cure. We were not part of the cause of the disease.

The night that I arrived in Washington the President of the United States had given a small press conference —what they call a mini conference. At that conference he told the American reporters—they call themselves newsmen now, but they are reporters, which is a far better term, although I will let that go—"Look, we have to be cautious in dealing with Japan, because Japan happens to be our best customer."

Well, the next morning I was able to show Senator George Aiken American figures which showed that in 1970 Japan, the alleged best customer of the United States, purchased from the United States goods to a total value of $4 billion plus, whereas in that same year Canada's purchases from the United States totalled nearly $9 billion. To me it is an extraordinary thing that the President of the United States should make an error like that, but whose fault is that? The fault is ours. Instead of going to Moscow and complaining about the United States, we should have been telling the United States the facts about our trade relations.

But that was not all. I do not say this immodestly, but I have some powerful friends in the United States ranging from Senator Mike Mansfield to the ranking Republicans in the Congress. These men are our friends. They are the friends of Canada. When I discussed this matter with them they agreed one hundred per cent with what I told them, but they had not been informed.

I do not know what our people said to them, although I have a speech here which was made by Mr. Benson and which I intend to read to you in a few minutes. These facts should have been made known to them. They should have been made known not only to the President of the United States, but to Congress as well.

That is a complaint I have had right along. Our young men in the Department of External Affairs think that the beginning and end of everything is the State Department. Honourable senators, let me tell you that the State Department has nothing whatsoever to do with this matter. They are ignored completely by Mr. Connally.

Mr. Connally is a politician, and we should talk to him as a politician. There are all sorts of things that they have not been told. For example, in the same interview the President said, "We have to get the Japanese to unpeg their yen." We unpegged the Canadian dollar a year ago! We unpegged it at 92 cents, and it jumped by eight cents and to all intents and purposes achieved parity with the American dollar. So the complaint the President makes against Japan and against West Germany does not apply to us at all.

We did not do anything to cause this crisis in the United States. They are right in doing what they are doing generally, but they are not right in applying their remedies to us. They are not right in hurting us.

Mr. Nixon said that Japan is their best customer. Do you know, honourable senators, that last year, 1970, we bought one-fourth of all American exports. I ask you to consider that—one-fourth of all their exports. We bought more from the United States in 1970 than did Britain, France, or West Germany, or all the Common Market countries combined. That is a fact not known to the American people, that we bought from them more than did all the Common Market countries combined. We bought more from them than England, France, Germany, or Japan. I found that even very well-informed men in Congress did not know this. Are we telling them about these things now?

I have in front of me a speech delivered the other day in Washington by Mr. Benson, and Mr. Benson used exactly 500 words—500 cliché-ridden words; a cascade of clichés, bromides and repetitions—before he even got to the surcharges. And then when he got to the surcharges he did not know his facts. That is our trouble.

Then, too, we hear talk about retaliation. Retaliation against the United States? You might as well talk about the Leader of the Government retaliating against Muhammed Ali. It is all nonsense. We hear people say, "Why don't we tell them that we won't give them water, we won't give them gas, and we won't give them oil?" But, do these young people ever ask themselves where we would sell these resources if they were not purchased by the United States?

Honourable senators, I have said that we are the best customer of the United States, but we must not forget that they are also our best customer. The United States is our market. We have no other markets. Look at the sales last year, and the year before, and the year before that again, of our manufactured goods. These are the goods that produce jobs. Where did we sell them? Did we sell them to the Common Market countries? Did we sell them to England, France, West Germany, or Japan? We did not. Our processed manufactured goods, our refined goods, were bought by the Americans. They bought more from us than all other countries put together.

Let us be quite clear about this: that is the only place we can sell them. Let us not become complacent and

arrogant, and think that the world must beat a path to our doorstep. The world does not have to do so, and the world will not do so. The world can get along quite well without us, but we cannot get along without the United States.

Honourable senators, let us keep in mind that we are North Americans. Geography dictates our future, and there is no armour against it. What do other countries do? What is England doing at the present time? England is going into the European Common Market, come hell or high water. Why? Because she is European, and because it is necessary for her survival. And she is right in doing so. England has been doing that for 300 years—looking after the interests of England. But here in Canada apparently our leaders seem to think it is their job to look after the rest of the world. Oh, yes, we must look after Rhodesia, we must look after Cyprus, and so on and so forth. If Mr. Wilson tells us we have to have sanctions against Rhodesia, then we have sanctions against Rhodesia. When Mr. Wilson tells us, aided by that strange person, Mr. Arnold Smith, that we are going to bring Rhodesia to her knees in three weeks, we believe him and say, "Yes, Mr. Wilson, we will go along with you." Well, two years have passed since he was going to bring Rhodesia to her knees, and yet Rhodesia last year had an increase in her gross national product that was greater than ours.

I have a friend in Rhodesia, one of whose ancestors sat in the chair of His Honour the Speaker. She has been writing to me and saying, "For God's sake, Grattan, don't listen to what you are reading in the London *Times* or the New York *Times* or in your own Ottawa *Journal*. We are not going to give up in Rhodesia, and we are going to win." And they are winning. Even Mr. Heath is now talking about making a special bargain.

But, honourable senators, we accept all this stuff. No matter what is done by Downing Street, we think it is all right. If it rains on the Strand, we turn up our trouser-legs on Sparks Street. This is the way we have been going for years. Is it not about time that we tried to give some attention to Canada? I did not agree last night with my friend, Senator Grosart, to whom I paid a tribute. I did not agree when he talked about NATO. Do you know what I would do about NATO? I would get out of NATO lock, stock and barrel.

How much are we spending per year on NATO? Do you realize that since World War II—this second war that was going to end war—this country has spent $45 billion on defence. What were we defending ourselves against, and whom were we defending ourselves against? What did we get for that $45 billion? This is what makes me wonder sometimes about our people, and about our newspapers because they seem to swallow everything too. Let Mr. Wilson say "This is black" and it is black; let him say "This is white" and it is white.

In recent years we have had these Europeans coming over here and telling us Canadians what we should do about the United States. There were some here three or four months ago, representatives of France, West Germany and so on, and I happened to see some of their working papers. In these working papers they told us, "You Canadians have much more in common with us than you have with the United States." This is the burden and the tenor of all their stuff—snide remarks and criticisms of the United States.

Well, honourable senators, I went to that meeting. I knew this was coming up, so I put down my name and asked if I would be allowed to say something. The two co-chairmen, of course—and this should never happen—were members of the one political party, namely the Liberal Party. Was I called on? No; I did not belong to the chosen people. I was ignored, and I did not go back. But had I gone back, I would have said, "Gentlemen, I have noted what you have said about the United States. You don't seem to like the United States. However, I think we ought to remind you that had it not been for the United States and what they did for you people after the last war, you might not be here at all."

This is what the world forgets. The world forgets what Winston Churchill once said, that not in human history had there been a single case where any nation acted with such generosity and with such disinterest as the United States did with the Marshall Plan. I remember once going to Rome, where I arrived at a magnificent station. I asked, in the name of Heaven, when did the Italians get the money to build a station such as this? The bland reply was "Oh, Marshall Plan; Marshall Plan." Mind you, this money was coming from the American taxpayer. Now, after all those years, they have all turned against the United States and want us to join them. As I mentioned a moment ago, they know so little about us.

When I was in Washington I met men such as Senator Aiken, a true blue friend of Canada—he is so much a friend of Canada that he says he feels that some day he will be haled before the un-American activities committee. These are the people we are kicking in the teeth.

I do not care what the Leader says about the Prime Minister's remarks in Moscow. I have stated the tenor of them, but I will obtain a copy and send it privately to him, and to Senator Forsey.

The Americans are our best customers. They are going to be our best customers. Our destiny is with them, and with this North American continent. For heaven's sake, let us tell these Europeans where they get off when they come over here trying to drag us away.

What did they buy from us last year? Consider the figures I have of those purchases: 85 per cent of all our finished exports last year went to the United States. Actually, the latest complete export statistics show that in 1969 Canada sold abroad highly finished industrial products worth $5,630 million. Of that total, 86.8 per cent went to the United States. The next largest buyer was the European Common Market which we talk about, with 1.7 per cent. That was followed by the U.K., with 1.4 per cent. Then came Japan, which bought 0.3 per cent. Exclusive of the United States market, we have been selling to the rest of the world only 13 per cent of our products manufactured for export—products which produce the jobs. The simple fact is it has been the United Kingdom, the Common Market countries, and Japan which have

been obtaining raw materials from Canada without providing any outlet for our finished industrial goods. It is they, not the United States, which have been trying to make us hewers of wood and drawers of water.

If I may paraphrase the statement made by the Prime Minister the other day—and what a thing to say to our friends in the United States—they have evidently made up their minds that they are going to make us into hewers of wood and drawers of water. That is said when they are buying 85 per cent of our finished products which provide Canadian jobs.

I say they should have exempted us from this surcharge. I do not think that there is any doubt that, had the American people, the members of the Congress and the advisers to the President, including Mr. Connally, in whom I have no faith at all, known what the situation is in Canada, and how we are their best customers, they might have exempted us.

There were other factors, which I shall not mention today. I do not know if they intend to consider this situation a second time and exempt us; I am afraid not. However, it is certain they will not exempt us because of statements made by the Government of Canada at the present time. They have done nothing and said nothing that might help in the least to persuade our American friends to withdraw these surcharges. That was their job, obligation, and duty to the Canadian people.

Oh, yes, they sent down some very intelligent bureaucrats to Washington, and Mr. Benson again to the International Monetary Fund meeting. His speech there was utterly useless; it was a crime against his obligations. He went down there and read a speech, which was written for him, dealing with the coming dangers of a world trade war. Good God, we all knew that, but he included it as some tremendous fact he had discovered. The broadcast of that speech showed that there was not a soul in the room paying the slightest bit of attention to him. They should not have, because he was not saying a word relevant to this situation.

Honourable senators, I have many other things to say, all even more relevant than what I have said, but I shall desist. Thank you for listening to me.

Hon. L. P. Beaubien: Honourable senators, we have heard what I consider to be four very good speeches with respect to this bill. Senator Forsey introduced the bill and explained it well. He was followed by Senators Manning and Grosart, and now Senator O'Leary.

Hon. Mr. Smith: And Senator Martin.

Hon. Mr. Beaubien: And Senator Martin; that makes it five.

Hon. Mr. Langlois: That was the best one.

Hon. Mr. Beaubien: Honourable senators, I shall be very brief in discussing this bill from a slightly different angle. I feel that giving money away in any form to business is a bad thing. Such assistance should be provided by reduction in taxes. However, I will not embark on a long dissertation regarding our tax system; instead I will endeavour to give you an example of what I mean.

Let us say that a manufacturer produces an article of furniture, such as a desk, at a cost of approximately $83 and feels that he should receive an after-tax profit of 10 per cent. To achieve this he must add 20 per cent to his cost, because the corporation tax takes 50 per cent of the profits. So he adds $16.68 and his price for the article, if he wants to obtain his profit, is $100. He has been selling this article in the United States, and finds that due to the surtax the buyer must pay $110, which prevents the sale. His sales force goes to work, and Morgan's, which is the Hudson's Bay Company in Montreal, buys it. Because it is sold in Canada, the federal sales tax of 12 per cent applies. So the desk then costs $112.

Let us say that Morgan's, figuring their overhead, interest, school tax, water tax, special city tax, their cost of shoplifting, insurance, light, and so on, finds that to get their real cost they have to add $7 to that price. I must admit that I am taking the figure of $7 out of the air. If they had to carry the desk for six months, their interest alone would be between $4 and $5. Therefore, I think $7 is not an exaggerated amount.

We now have the desk in the hands of Morgan's costing $119. Let us assume that it is reasonable for them to make a profit of 10 per cent after taxes. To obtain that profit they have to add 20 per cent, so they add $24 to the cost of the desk. We now have a desk costing $143.

Let us say that somebody then comes along and buys the desk in Montreal. Then, of course, the Quebec sales tax of 8 per cent applies. We therefore start off with a desk costing $83, but the person who buys it in Montreal has to pay $154.44.

That is something that we should begin to think about. People talk about our export markets and say that we should have all kinds of industries here producing all sorts of things that we need. How can we compete if we are paying our workers $3 or $4 an hour to turn out an article costing $83, which will have to fetch a price of $154 in Montreal if the manufacturer is to make a profit? How can we possibly compete with countries paying 50 cents or 60 cents an hour for labour, and who do not have to pay these taxes?

Honourable senators, I should like to touch upon the corporation tax, but I do not think that this is the appropriate time to do so. We have already had enough discussion on this bill. I would certainly not vote against it. If we have unemployment, then we have to do something to help those who do not have jobs. I go along with that.

Our big problem is in the adding of tax on top of tax on top of tax, and in many cases we are taxing some of our people to the extent that they cannot earn a livelihood.

Hon. Mr. O'Leary: Honourable senators, may I say a final word? In the course of my remarks a few moments ago I was asked if I could give the house the

exact words used by the Prime Minister in Moscow. I now have them, and they are as follows:

> Canada has increasingly found it important to diversify its channels of communication because of the overpowering presence of the United States of America and this is reflected in a growing consciousness amongst Canadians of the danger to our national identity from a cultural, economic and perhaps even military point of view.

Hon. Mr. Martin: I am sure that statement stands by itself, and does not warrant that interpretation.

The Hon. the Speaker: Honourable senators, it has been moved by the honourable Senator Forsey, seconded by the honourable Senator Lafond, that this bill be read a second time. Do I understand that it is the intention of the honourable Senator Forsey to close the debate on second reading?

Hon. Eugene A. Forsey: If no other honourable senator wishes to speak on the bill, I should like to speak briefly in closing the debate.

The Hon. the Speaker: I must remind honourable senators that if the honourable Senator Forsey speaks now, his speech will have the effect of closing the debate.

Hon. Mr. Forsey: Honourable senators, I need hardly say that I have listened with great interest and some profit, I hope, to the speeches which have been made—I shall not say against the bill—around the bill in a critical tone, because I do not think that we have heard from anyone on the Opposition a statement of intention to vote against the bill. This is something that may have escaped me, but I cannot recall hearing anything of the sort. They have "damned with faint praise, assented with civil leer", rather than expressed outright opposition to the bill.

I should like to mention one or two rather odd features of the criticisms which I confess startled me, particularly coming from the quarter from which they came.

First, I was rather astounded to hear from Senator Manning the suggestion that the Government of Canada had been engaged consistently, and for some time, if I understood him correctly—and I think I can quote the phrases if necessary—in a policy of being very nasty to the United States, and had failed to develop that close and intimate partnership with the United States in trading matters, which might have spared us all our woes in this particular instance.

This surprised me very much, because I have heard so much from other quarters about what a miserable, lily-livered set of poltroons the Government of Canada were, bowing and scraping incessantly to the Americans, and acting as mere lackeys of Washington.

Then, of course, a little later we had a slightly different note struck by Senator O'Leary, implying that for all these years the Government of Canada—and I gather that he included governments of his own party—had merely been toadying to Downing Street. This also startled me.

We have heard much from many people—and Senator O'Leary quoted from some of those expressions of opinion and referred to them in picturesque terms—about the tendency of the Government of Canada to have no backbone at all and to just say yes, yes, yes to every little American policy, whatever it is.

I do not think that either of those criticisms is by any means justified.

I am inclined to recall two instances in my own experience. In one case I was engaged in a controversy with the late J. W. Dafoe of the Winnipeg *Free Press* in which he began by calling me a Tory conspirator, and wound up by calling me a left-wing mudslinger and character assassin. On another occasion I made a speech at Couchiching on the subject of national unity, and immediately afterwards I got two very abusive anonymous letters, one of which said "You have sold out to the French Canadians.", and the other, "You are inspired by hatred of Quebec."

As I listened to these criticisms—on the one hand from Senator Manning saying that the Government has been persistent in being nasty to the United States, and asking what else could they expect but the kind of thing they got, and, on the other hand, from the Waffle Group saying what a miserable collection the Government is because it does not speak up for Canada—I was inclined to think that the Government is in the same position as I was myself in the two instances I have mentioned: perhaps not too far from the right and sensible course. However, that is a matter of opinion and naturally Senator Manning is entitled to his opinion.

I was bothered and startled by the curious contradictions in the statement by Senator O'Leary. Senator O'Leary seems to feel that the leaders of the United States and the Government of the United States keep extraordinarily close tabs on what all the left wing professors in this country say and what the cartoonists put in their cartoons. He said, "They know all about it; do not think for a moment they do not." But when he came to discuss the question of our economic importance to the United States he cited the very highest possible authority in the United States as a glaring example of —and I think I am using his exact word—ignorance, and suggested that the fault was ours.

I really cannot understand how in the world the Americans can be so extraordinarily well informed about all the cartoons that appear in our newspapers and all the things the Waffle Group says, and all the rest of this stuff—and a lot of it, I agree, is nonsense—and yet be so extraordinarily unaware of some of the economic facts of life with regard to our economic relationship with the United States. I simply cannot understand this.

Senator O'Leary seems to think that these ebullitions of temper and prejudice on the part of the Waffle Group and such people carry some kind of imprimatur from the Government of Canada. If I remember correctly, what he said was, "We have permitted pseudo-intellectuals to say these things and we have permitted the cartoonists to draw these cartoons, and the Americans

are therefore justly incensed." Really, honourable senators, I was under the impression that this was a free country. I do not know by what stretch of the imagination the Government of Canada can be held responsible for what its political opponents say, or for what the cartoonists may happen to draw in their cartoons. We do not have press censorship in this country, thank goodness, and no one is proposing it. I do not see how the Americans can possibly say to the Government of Canada, "You are to stop those chaps from drawing those cartoons," or, "You should have prevented Professor Watkins and his friends, Professor Laxer and the rest of them, from making or printing that statement. You should have seen that such and such books and such and such papers were not printed." Surely the expressions and opinions of private people, whether in speech, writing, or drawing, are something that the Government of Canada does not have, and cannot have, any control over whatsoever.

Hon. Mr. O'Leary: You have knocked down your straw man already.

Hon. Mr. Forsey: Well, I can say who put up the straw man without any difficulty at all.

Hon. Mr. O'Leary: He was from the Prime Minister's office, and you know it.

Hon. Mr. Forsey: What was from the Prime Minister's office? The cartoons?

Hon. Mr. O'Leary: Not the cartoonists. The gentleman I was talking about was from the Prime Minister's office. There are 52 of them. You know that.

Hon. Mr. Forsey: I do not know anything of the sort.

Hon. Mr. O'Leary: You do.

Hon. Mr. Forsey: I would like to have the name of one member of the staff in the Prime Minister's office who has drawn a cartoon to this effect, or made statements to this effect.

Hon. Mr. O'Leary: You were not talking about that. That was the only specific among your generalities. You said that my talk about the intellectuals was all nonsense. I am not suggesting that they be suppressed. As far as the press is concerned, yes, I would suppress a lot of them.

Hon. Mr. Benidickson: I never expected to hear that.

Hon. Mr. Martin: Would you permit me to ask a question, Senator Forsey?

Hon. Mr. Forsey: Certainly.

Hon. Paul Martin: Just as it seems invalid to tell us that the Canadian Government can control these situations, would Senator Forsey not agree that a comparison or analogy would be the kind of thing, for instance, that Governor Wallace has said about the Prime Minister of Canada. No one is suggesting that the Government of the United States can prevent Governor Wallace from saying ridiculous things about the Prime Minister.

[Hon. Mr. Forsey.]

Hon. Mr. Forsey: I think it would be useless and certainly unprofitable to labour the point further. I just could not help being struck by this series of eloquent contradictions, as they seemed to me, in the speech of Senator Manning and also in the speech of Senator O'Leary.

The thing that has startled me the most, however, and I cannot forbear, even at the risk of being called partisan, was the very unequivocal set of statements—not just one sentence but paragraphs—from the official financial critic, as I understand it, of the Opposition in this house suggesting that the time had come for the economic integration of Canada with the United States. As I listened to this my mind went back to Sir John A. Macdonald and Edward Blake, to what I have read of the election of 1891, to the election of 1911, the first one that I remember. As I listened to the official representative of the Progressive Conservative party talking about economic integration of Canada with the United States, I thought of John A. Macdonald, Edward Blake, Robert Borden, and Arthur Meighen, and I said to myself: O tempora! O mores! What are we coming to? Here we have the great champions of the building of this country, the people who fought to build it and did build it, the followers of Sir John A. Macdonald, getting up and making statements which must make Sir John A. Macdonald not turn, but whiz in his grave, around and around. I should think that they would be haunted by the ghost of Sir John A. Macdonald.

Hon. Mr. Benidickson: What about the Diefenbaker mania vis-à-vis the United States?

Hon. Mr. Forsey: Mr. Diefenbaker is here to haunt them without having to do it in a ghostly fashion, and I think perhaps occasionally he does haunt them. However, I draw a veil at that point.

Honourable senators, there were more serious matters brought up in the criticisms of this bill; things that came closer to the mark, I think, than some of these. We had, for example, the suggestion by Senator Grosart that the board was being given powers which the Government alone should exercise. I have had no administrative experience whatsoever, but I think I have a certain degree of common sense, and it passes my understanding how the kinds of things that will have to be dealt with under this legislation could possibly be handled by the Governor in Council. There will be certainly hundreds of applications. If my honourable friends on the Opposition propose to vote against this bill, well, that is another matter, but if they are willing to see the bill go through, as apparently they are, then surely they can scarcely expect that the power to deal with these hundreds of applications should be lodged with the Governor in Council. It is completely impracticable, unless the members of the cabinet are possessed of absolutely superhuman qualities, and their days contain 48 hours and their weeks fourteen days. The thing simply could not be done.

Some type of administrative machinery has to be set up, and I have not heard that this administrative machinery is particularly bad administrative machinery. There may be something in the point that you may have a little difficulty in that you have two panels, and seven people. There are minor points like that which, perhaps, are justifiable criticisms, and perhaps something can be done in this connection when we consider the bill in committee, but I really do not see how you can entrust the administration of a complex matter like this, involving an enormous mass of detail to be dealt with in as short a time as possible, to the Government itself. I think it has to be handed to some administrative board working on it pretty well full time.

Then there was a suggestion that we were extraordinarily dependent on the United States. Of course we are. Everybody knows that. It was suggested that we ought really, short of integration with the United States, to arrange to be more dependent upon them. Some honourable senators took the Prime Minister very seriously to task for suggesting that we might have to consider a re-assessment of our economic policies and our political relationship with the United States. They seemed to suggest that the Prime Minister was saying, "This is what we must do now."

I cannot now remember whether I listened to that speech or read it, but I paid very careful attention to it, and it seemed to me quite plain that the Prime Minister was saying, "If the Americans are really going in for this as a permanent policy, then we may have to reassess our position." That seems to me a very different thing.

If the Prime Minister had merely said out of the blue, as it were, "We must reassess our position; we must change the whole basis of our affairs, economic, political and everything else", then he would have been open to the kind of criticism that has been made. Even if he had said, "If they maintain this temporary measure for a short period we must reassess our position", he might be open to that criticism.

However, what he said was, "If they really know what they are doing . . ."—and Senator O'Leary suggested that some of them did not know really what they were doing as far as we are concerned, but the Prime Minister clearly meant in this context, to my mind, what they are doing to us, because they know what they are doing in their general policy—"If they really know what they are doing to us, and if this is their long-term intention, if this is what they are going to do as a permanent policy, then we may have to reassess our whole position." This seems to me to be good common sense.

The Americans, we are told, take an enormous proportion of our manufactured goods. Everybody knows that, or ought to know it, and as far as I know nobody on the Government side has ever denied it or denied the importance of it. The point is, however, that if the Americans persist in a policy of this sort as a long-term policy, we may find that they are not prepared to take our manufactured goods in the proportions they have been taking them, and then surely it would be incumbent upon any government of this country to look around to see whether it can get some alternative markets. It seems to me that a reassessment then becomes inevitable. How far it can go is a matter of practical consideration. We may find we cannot do a great deal about it, but I cannot see anything wrong in saying that we had better try to see what we can do about it, that we had better try not to leave all our eggs in one basket.

We were told by, I think, Senator Grosart that we had brought this on ourselves by a series of measures, one of which he said was our unilateral withdrawal from NATO. I was under the impression that we were still a member of NATO.

Hon. Mr. Flynn: He meant partial withdrawal.

Hon. Mr. Forsey: It seemed to me that we had the NATO parliamentarians here the other day, and I did not see any angel with a flaming sword at the entrance to this chamber saying to Canadian delegates, "Out, out! This is the entrance to paradise, and to you the NATO paradise is forever barred." I think it was a rhetorical exaggeration on Senator Grosart's part when he said we had unilaterally withdrawn from NATO.

We have listened to a long series of things, most of which seemed to me, and as the Leader of the Government said, had very little to do with the actions of the Americans.

Senator Grosart further asked whether we had any reason to expect that we might be exempted from the imposition of this surtax. He said the Americans had good reason for what they did, that a rearrangement and restructuring of international trade and exchange had become essential, or words to that effect, so, therefore, how could we expect to be exempted. Here Senator O'Leary came to my rescue because, if I remember correctly, he said that none of the reasons President Nixon invoked for applying this particular measure applied to us. It is not merely that we have a special relationship with the United States, or that our trade is particularly important to the United States. It seems to me that none of the reasons the President gave for this measure apply to Canada. What administrative procedures have we been using to choke off American trade? Perhaps one might find some details here or there, but we have done nothing substantial in this direction. As for letting our dollar float, we did that before they even mentioned it.

Hon. Mr. Benidickson: Eleven months ago.

Hon. Mr. Forsey: Yes, some considerable time ago. If you want to see the forces of the market working in the foreign exchange market, we were right out in front of the procession. We have not been doing anything to our dollar which is to the disadvantage of the United States. The contrary is the fact. To the best of my recollection, there was a time when the Government was being criticized because it was doing things which were helping to keep up the value of the American dollar, and the suggestion was that we were being altogether too cooperative. In these matters the Government is damned if it does and damned if it doesn't. If it does one thing

it is said to be in the pockets of the Americans; if it does another thing, it is told it is being frightfully rude to the Americans and can expect any kind of retaliation they like to hand out.

I do not know that there is very much more I want to say, although there are a number of matters that might be mentioned. However, I know the Senate is anxious to give this bill second reading and get it before the committee, where the details can be studied and dealt with effectively. I do not think I need survey mankind from China to Peru, as our most eloquent senator has done.

Hon. Mr. Flynn: You could do it very well too.

Hon. Mr. Forsey: I do not think I need, even if I had it, let:

> The poet's eye, in a fine frenzy rolling ... glance from heaven to earth, from earth to heaven.

I think the arguments for the bill have been adequately stated in the other place, in the media, and by the honourable Leader of the Government, who replied to all the most substantial criticisms. I believe I have now dealt with a number of other criticisms which to my mind are rather peripheral and not central to the bill.

I was a little surprised one or two times that somebody did not raise a point of order. The other day I was criticized because I was not adhering to the rules and discussing the principle of the bill. However, it seemed to me that occasionally in some of the other speeches there were remarks which were no closer, shall I say, to the principle of the bill than some of mine were. However, I know it is the custom in both houses not to enforce the rule of relevance very strictly, and perhaps I shall have cause on future occasions, as I have been in the past, to be grateful for this usage.

Honourable senators, I believe that is all I need say in closing the debate on second reading of this bill. I must confess that the temptation to try to score a few points off some critics of the bill is a strong one, which I have perhaps already yielded to too much. If I have said anything that has wounded the feelings of any of my colleagues, I hasten to say that nothing could be further from my intention. I address this particularly, of course, to my old and venerated friend, Senator O'Leary, whose comments I have perhaps criticized more strongly than some others.

Hon. Jacques Flynn: Before the motion is put, may I put a question to the sponsor of the bill or, if he prefers, it can be dealt with in committee. If my memory serves me correctly, he said when introducing the bill that this legislation could be used in other circumstances; that it was in a way permanent and not ad hoc legislation. When I read clauses 4 and 5 it seems to me that once the $80 million provided therein is spent and the fiscal year 1971-72 has expired, one could not proceed under this legislation without an amendment. I am very curious to know if the sponsor of the bill could indicate what procedure the Government would adopt to continue with this legislation after April 30 next, or after the $80 million has been spent.

As I say this may be a technical question which would be better dealt with in committee, but the sponsor appeared so sure of himself when he made this statement that I am quite confident he has the answer.

Hon. Mr. Forsey: With leave of the Senate, I should be glad to attempt to answer, although I do so with some trepidation, because the Leader of the Opposition is a lawyer, and I am not; he has held high office and I have never held any office. I am therefore conscious of my inferiority and my ignorance in the matter. My impression was that clause 3 makes this permanent legislation. There is nothing to say that the act shall lapse after a certain period of time. It is not called a temporary act, such as another which is on our statute books. It purports to be a permanent act. When the moneys have been spent, under sections 4 and 5, if it should prove necessary to invoke the provisions of this legislation again in the presence of measures having a like effect, as the bill itself says, I should think the Government would be able to handle the matter of finance by putting an item in the Estimates.

Hon. Mr. Flynn: A $1 item?

Hon. Mr. Forsey: I do not know, but I should think there would be no difficulty in providing the money if the legislation has been passed. It merely deals with what happens for a certain period of time, and provides money for a certain purpose. If there should be another need to use this legislation, I would think that fresh money would be available for its application.

Hon. Mr. Martin: Is it not clear, if the money runs out, that the permanency of the bill does not mean that there could be further payments made pursuant to it?

Hon. Mr. Forsey: Quite.

Hon. Mr. Martin: And the Government would have to consider whether it should resort to the conventional form, or submit an Estimate, in order to get more money? It is not likely that the Estimate method would be acceptable, in view of the ruling of the Speaker in the other place the last session. Certainly, if the $80 million has been spent, the Government would have to ask Parliament for a further appropriation.

Hon. Mr. Flynn: I am satisfied with the explanation of the Leader of the Government.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Hon. Mr. Forsey, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

NOTICE OF COMMITTEE MEETING

Hon. Mr. Hayden: Honourable senators, I wish to announce that the Standing Senate Committee on Banking, Trade and Commerce will meet at 8 o'clock this evening to consider this bill.

Hon. Mr. Flynn: Will the minister be present?

Hon. Mr. Hayden: Yes.

Hon. Mr. Flynn: There is no doubt that it is very expedient.

Hon. Mr. Martin: In fairness to the Leader of the Opposition—who has been very co-operative in this matter—may I say the matter was discussed with Senator Hayden. Mr. Pepin cannot be here tomorrow. I discussed the time of meeting with Senator Hayden, and it was suggested that the committee should meet tonight so that the minister may attend. I hope the Leader of the Opposition does not think there is any insistence.

Hon. Mr. Flynn: I am satisfied that we are not being pushed.

Hon. Mr. Benidickson: May I ask the Leader of the Government if this means that we shall not sit as a chamber tonight, that the sitting will be cancelled and there will be third reading tomorrow?

Hon. Mr. Martin: We have to consider that. My view is that if the committee is to meet tonight, the Senate would not sit until tomorrow.

TEMPORARY WHEAT RESERVES ACT

FAILURE OF GOVERNMENT TO MAKE PAYMENTS—OMISSION OF ACT FROM REVISED STATUTES OF CANADA, 1970—INQUIRY STANDS

On the Notice of Inquiry of Hon. Mr. Forsey:

That he will call the attention of the Senate to the Government's failure to make certain payments as required by the Temporary Wheat Reserves Act, and to the omission of that Act from the Revised Statutes of Canada, 1970.

The Hon. the Speaker: Honourable senators, do I understand that the honourable Senator Forsey intends to proceed now with his inquiry?

Hon. Mr. Forsey: Honourable senators, I am grateful for the indulgence I have received on this matter. However, I would think that one speech from me in a day is about as much as the Senate should be asked to endure. I have an important committee meeting to attend, so I would ask once again that the matter stand. If anyone wishes me to go on, I am willing to do so.

Hon. Mr. Flynn: We are very anxious to hear what Senator Forsey has on his mind in this connection. I would like him to assure us that he will proceed tomorrow, when we will only have one bill for third reading.

Hon. Mr. Forsey: I shall be delighted to proceed tomorrow.

Hon. Mr. Flynn: I am sure the Leader of the Government is anxious to hear your remarks.

Hon. Mr. Forsey: I shall be delighted to speak tomorrow, but I do not think I should speak now unless it is the strong wish of honourable senators that I do so.

DISTINGUISHED VISITORS IN THE SENATE GALLERY

UNITED KINGDOM DELEGATION TO COMMONWEALTH PARLIAMENTARY ASSOCIATION

The Hon. the Speaker: I should like to call the attention of honourable senators to the presence in the gallery of a delegation of distinguished parliamentarians from the United Kingdom, headed by the Right Honourable Lord Diamond.

May I point out that the distinguished gentlemen are the guests of the Canadian branch of the Commonwealth Parliamentary Association. I am sure that I am expressing the sentiments of all honourable senators in extending to them a hearty welcome. We hope that their stay in Canada will be a most enjoyable one.

PAROLE SYSTEM

PROPOSED STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, September 30, the adjourned debate on the motion by Hon. Mr. Laird that the Standing Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

Hon. Lionel Choquette: Honourable senators, in adjourning this debate on the last occasion, I did not tell the house that I was doing so on behalf of Senator Macdonald. He wishes to speak on this matter, but I understand he will not be here this week. I am told that Senator Thompson is ready to speak now, so I yield to him.

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Thompson speak now instead of the honourable Senator Choquette?

Hon. Senators: Agreed.

Hon. Andrew Thompson: Honourable senators, on rising to speak, I congratulate Senator Laird for moving that a committee of this house be authorized to examine and report upon all aspects of the parole system in Canada. As he pointed out, there are responsible officials who state that the parole system is too lenient, and there are others who urge an expansion of this method of supervising the criminal in society.

What are the facts in connection with parole as it is used in our federal institution? During the past six years, the National Parole Board has trebled the number of parolees. In 1965, 16 per cent of those persons applying were granted parole. This increased to 23 per cent in 1967, to 27 per cent in 1968, and last year parole

was granted to approximately 65 per cent of those who applied.

What has been the success of parole? Since 1961 the board has granted approximately 42,000 paroles. It has an impressive record. Approximately 87 per cent of the parolees were successfully rehabilitated, and have not come back before the courts.

The advocates of the parole system point out that there is a financial benefit to society in using the parole system. In 1968 it was calculated that the 3,143 successful parolees represented a saving of $9 million because they did not have to be maintained in the penitentiaries. Further Parole Board studies in 1969 indicated that of approximately 2,500 men on parole in Canada at any given time, close to 2,000 were employed and earning about $50 a week. This means that these men were not only earning collectively $5.2 million a year, but also were relieving the country of the support of an estimated 2,500 dependants.

Mr. Street, Chairman of the National Parole Board, is one of its strongest advocates. He says that the key to success in the treatment of criminals rests in a firm and authoritative post-release control. Today, if an offender receives a two-year term, he can on the average expect to spend between nine and twelve months behind bars before parole. Those sentenced to five-year terms serve on the average less than half of their sentences before parole. Sixty-five per cent of convicts who apply do get parole, but those who are refused parole are automatically released after having served 75 per cent of their term. This is in accordance with a provision of the Penitentiaries Act, and is known as statutory remission. Under this provision, all penitentiary terms imposed by the sentencing judge are reduced by one-quarter. This remission can only be lost to the convict if he misbehaves.

On the other side of this argument are men who are also knowledgeable about and dedicated to the protection of society from the criminal element, and who point to the rising crime rate in our cities, and relate it to the leniency shown in granting parole.

I was reading last night that the Chief of Police of Winnipeg feels very strongly that the rising rate of crime in our cities—and it is rising—can be blamed in part on the leniency shown in granting parole. Certainly, always haunting the Parole Board and the advocates of the parole system must be the terrible tragedies which can occur, and have occurred, by a mistake in assessing a parole applicant. A convicted rapist who was sentenced in 1940 was paroled in 1956. He was convicted of gross indecency in the next year. Five years later he was paroled. In 1963 he was convicted of murdering a 13-year old boy.

Mr. Street, in defending the parole system and being faced with this case of the convicted rapist, argued that the man had served 22 years. The psychiatrist's reports had been excellent, but obviously the psychiatrist was wrong.

Another speaker for the protection of the public, Constable Sid Brown, the President of the Ontario and Canadian Police Associations, stated recently that people who should not be out are being released, while those who are more deserving of another opportunity do not get out.

Mr. Frank Howard, a member of the other place, stated recently that the parole system is easier for the convict from a middle-class background. Indeed the Regional Director for the National Parole Board recently admitted that the better off financially a convict is in his former background the better off in every area he is with respect to our legal judgment.

The parole system has obviously been expanded across this country, and it is most appropriate that in the Senate we should look at it. We should ask such questions as, "How is the assessment made?" I should like to know, for example, what kind of personal background report is made prior to a sentence to the penitentiary. I noticed in reading a report of the Canadian Corrections Association that it suggested that across Canada the resources for making such reports on individuals before the courts for sentence to our penitentiaries consist in a patchwork of services. Their recommendation was that there should be mandatory pre-sentence reports, which would follow the man into the institution for the assistance of the officials there. By understanding the environment and upbringing of each inmate, a better judgment could be made with respect to the opportunities for parole later.

I should like to know the qualifications of the men on the board, and how they are chosen. I should like to know exactly what kind of supervision is given to the parolee. Are there uniform means across Canada of giving close supervision and assistance to a man in his rehabilitation? Personally, I think there are not. If that is so, I should like to know what is being done in order to develop the required standard.

There are many questions with respect to this matter of parole, and I am grateful to Senator Laird for bringing the subject to the attention of the Senate.

On motion of Hon. Mr. Flynn, for Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 6, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Public Accounts of Canada, Volume I, for the fiscal year ended March 31, 1971, pursuant to section 55(1) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Copy of press communiqué issued following the Ministerial Meeting of the Group of Ten, held in Washington, D.C., September 26, 1971. (English text).

Copies of a letter, dated September 30, 1971, addressed by the Ambassador of Japan at Ottawa to the Minister of Industry, Trade and Commerce, and Annex thereto, concerning voluntary controls on certain Japanese exports to Canada for the year 1971, together with the Minister's reply and a news release, dated October 5, 1971, respecting Canada-Japan trade.

EMPLOYMENT SUPPORT BILL

REPORT OF COMMITTEE ADOPTED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, and had directed that the bill be reported with the following amendments:

1. Page 3: Strike out subclause (2) of clause 6 and substitute therefor the following:

"(2) Not more than two-thirds of the members of the Board at any time may be members of the Public Service within the meaning of the Public Service Employment Act but a vacancy occurring in the membership of the Board that has the effect of temporarily reducing the number of members of the Board who are not members of the Public Service below one-third of the members of the Board does not invalidate the constitution of the Board or impair the right of the members to act if the number of members is not less than a quorum."

2. Page 3: Immediately after subclause (2) of clause 7, add the following as new subclause (3):

"(3) The Chairman shall preside at any sittings of the Board at which he is present and shall designate one of the other members to preside at any sittings of the Board at which he is not present."

3. Page 8, clause 21: In lines 9 and 11 strike out the words "fiscal year" and substitute therefor the words "annual quarter".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden, with leave of the Senate, moved that the report be taken into consideration now.

He said: Honourable senators, the bill as it came to us from the House of Commons provided for an Employment Support Board consisting of not more than seven members, not more than four of whom should be members of the Public Service of Canada. It also provided for the appointment of a chairman from among those members of the board who are not members of the Public Service.

We were concerned about the mix in grouping between the Public Service members of the board and the outside members, because when the bill provides that the board shall consist of not more than seven members, how do you maintain the ratio when there are fewer than seven appointments? Therefore, with the concurrence of the minister the first amendment was designed to maintain this mix; the relationship would always be that two-thirds of the members of the board shall be members of the Public Service. That balance is maintained. If there are seven members, two-thirds would be four, who would be members of the Public Service, with three from outside. If there are six members, there would still be four members of the Public Service; if there are five members there would be three members of the Public Service. In this way we expect to be able to maintain the mix between outside members and the Public Service members of the board.

The other provision with which we were concerned was that the chairman shall be a member from outside the Public Service, and he shall preside at the meetings of the board. If the board decides to sit in several sections the question was what to put in the bill to provide for a chairman of each section. We therefore provided by amendment, again with the agreement of the minister, that the chairman shall preside at the meetings of the board at which he is present, and otherwise he shall designate a member who shall be the chairman. This is not a new provision in our statutes. It is to be found, for instance, in the Tariff Board Act, and the language we have used in this bill is very close to the language in that act.

The amendment to clause 21 was one that the minister was pleased to have us make. He had indicated in the other place that he was prepared to report to Parliament more often than once a year, and he had also indicated, I think in the other place, that he would be prepared to make quarterly reports. With that background

we simply met his wishes in the matter, and we have provided that he shall report each quarter instead of each fiscal year.

That, honourable senators, is the sum total of the amendments.

Hon. Mr. Flynn: Honourable senators, speaking to the amendment of section 21, which was suggested by the minister himself, it may be interesting to put on the record that the minister agreed it was a good thing to have a Senate in order to give him the opportunity to correct legislation which was passed too quickly in the other place. I do not mean that the general debate went too quickly, but this section did not get the attention it should have. We were quite happy to comply with his wishes. It is an argument in favour of a second chamber.

As far as the other amendments are concerned, the explanation given by Senator Hayden is very clear and needs no further discussion.

I wish to put on the record that it is quite obvious that this bill was hastily drafted, because of the situation which occurred suddenly. In fact, the surtax was imposed by the United States late in August and the bill was introduced in the first days after Parliament reconvened. It is not a perfectly drafted bill. We have improved it, by the amendments described by Senator Hayden, but there are many more defects which could not be corrected—points which could not be clarified, in any event—in the committee under the present circumstances, unless we were to redraft the bill completely.

A question arose yesterday as to whether or not this bill was permanent legislation.

Hon. Mr. Forsey: No.

Hon. Mr. Flynn: Senator Forsey says yes.

Hon. Mr. Choquette: He says no, now.

Hon. Mr. Flynn: He may say no now.

Hon. Mr. Choquette: Because he knows now.

Hon. Mr. Flynn: Senator Martin says yes, and no, which is very typical of him, of course. I was not able to extract from him whether, after we have spent the $80 million and after the present fiscal year has expired, we would need new legislation amending this bill, or continue with it. Senator Martin said that Parliament would have to provide additional appropriation. That is obvious and it was also Senator Forsey's suggestion—but through a mere item in the Estimates, which is a method I do not like and which is not liked by many people here and elsewhere.

In any event, it is quite obvious that the purpose of the bill is to meet, immediately, the problem of the United States surcharge, and not really to meet other circumstances which may be similar but which may require remedies other than those provided in this bill.

[Hon. Mr. Hayden.]

I am quite convinced that when the fiscal year ends and when the $80 million has been spent, the Government will have to come back to Parliament. At that time, with the experience gathered from the activities of the board, they may bring in other amendments or, if this is really to be permanent legislation, we may have an entirely new bill.

Honourable senators, the object now is to meet an immediate situation. Whether the bill is perfect or not, it has been improved by the Senate, and we should let it pass with the amendments which have been made by the committee. Certainly, the committee has improved the bill. If there is room for further improvement it will come in due course.

Hon. Mr. Martin: For the purposes of the record and to refresh the memory of the Leader of the Opposition—

Hon. Mr. Flynn: You should not try to do that.

Hon. Mr. Martin: —I wish to refer to page 1320 of Senate *Hansard*. Following a comment I made which was prompted by a question he put to Senator Forsey, the Leader of the Opposition is reported as saying, "I am satisfied with the explanation of the Leader of the Government."

Hon. Mr. Flynn: Yes, I am satisfied, but the way I heard it yesterday was that the Leader of the Government had indicated that it would come through legislation as amended. When I read it today it did not sound the same. I am not saying that the record has again been corrected, but I just want to put that on the record for the time being.

Hon. Mr. Martin: If my honourable friend will read what I said, it is precisely that to which he was agreeing yesterday. I said it could come back. First of all, I said I thought when the $80 million had been expended fully, then obviously the Government would have to come back to Parliament either in the form of an amending bill, a new bill or an item in the Estimates. I said that I did not think the latter procedure would be acceptable in the other place because of the Speaker's ruling last session.

Hon. Mr. Flynn: By accident you were more precise yesterday than you are today.

Report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill, as amended, be read the third time?

Hon. Salter A. Hayden moved, with leave of the Senate, that the bill, as amended, be read the third time now.

Motion agreed to and bill, as amended, read third time and passed.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Hon. Paul Martin, with leave of the Senate and notwithstanding Rule 45(1)(e), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

TEMPORARY WHEAT RESERVES ACT

FAILURE OF GOVERNMENT TO MAKE PAYMENTS—OMISSION OF ACT FROM REVISED STATUTES OF CANADA, 1970—DEBATE ADJOURNED

Hon. Eugene A. Forsey rose pursuant to notice:

That he will call the attention of the Senate to the Government's failure to make certain payments as required by the Temporary Wheat Reserves Act, and to the omission of that Act from the Revised Statutes of Canada, 1970.

He said: Honourable senators, I rise this afternoon with very considerable reluctance to raise this question, because the last thing I wish to do is embarrass the Government in any way, although I am inclined to add, in all candour, that I doubt whether anything I can say on this subject will embarrass the Government very much more than its own actions or lack of actions have already done.

I have to confess also at the outset that I am afraid I have been derelict in my duties in this matter. When this bill was first introduced in the other place I should have noticed the provisions of section 33, the retroactive provisions, but I admit that I did not. As you know, all of us receive a wide variety of bills and other documents and it is almost a physical impossibility to keep track of all of them. I simply took one look at this bill and said, "Oh, agriculture. That is not my pigeon. I don't know much about agriculture and there is no particular reason why I should read this bill with any attention or care." However, that is what I should have done. Henceforth I shall do what I should have done on this occasion; I shall examine every bill that comes to my desk with great care to see whether or not there are any retroactive provisions in it. As I say, in this instance I did not; I was asleep at the switch, and it was not until the matter was raised elsewhere that I took a look at this and discovered what the bill contained on that particular point.

Then I waited. Perhaps I should have spoken at once or raised the matter at once, but I waited for the crushing legal rejoinder which I thought I might reasonably expect from a cabinet half of whose members are members of the legal profession. No rejoinder came, at least none that seemed to me to carry any conviction. I waited for some sign of repentance. I hoped and kept on hoping, even to the last moment, almost literally the last moment, that I might be able to get up and say in the words of the old Scots couplet:

Betwixt the stirrup and the ground,
Mercy I ask'd; mercy I found.

But I waited in vain for that crushing legal rejoinder. Perhaps we shall get it this afternoon from the Leader of the Government or some other representative of the Government here; if so, I shall be most happy, and most happy to appear in a white sheet.

I waited for the death-bed repentance, as I thought it might be, for the confession, for the request for absolution, even at a late stage, and it did not come.

Having put the thing off so long and having allowed practically everything said that could be said on the subject, eloquently and perhaps even *ad nauseam*, some might ask in the other place, in the country and in the press, why I rise now. Why do I rise as some might say, to thresh old straw? The answer is first of all, honourable senators, that it seems to me that this is a subject which ought to be ventilated in this chamber; secondly, that some word of regret or protest should be uttered from the Liberal benches in this chamber.

Hon. Mr. Choquette: That will be the day!

Hon. Mr. Forsey: I am sorry I did not quite hear that interjection. Perhaps whoever made it will get his answer in a moment or two. I have to apologize. As I said to the Leader of the Government in conversation this afternoon, my poor old ears have gone back on me and perhaps I am now becoming so infirm in that respect that I ought not to be here at all.

Hon. Mr. Choquette: Let me repeat it in case others did not get it. I said, "That will be the day!"

Hon. Mr. Forsey: Well, wait and see. Now I think it is proper that there should be some expression here of regret from a member of the Liberal party, even a fairly recent convert, of the uneasiness which I am persuaded is felt not just by myself alone within the ranks of the Liberal party. I think there should be a protest which could not be regarded as partisan, coming from an opponent of the Government in order to embarrass the Government. I think it is proper also that someone who has been as vigorous as I have been at times in the past, when there seemed to me that there were conventions of constitutional usage or features of constitutional law which were being violated, should speak up and say his piece now.

This is personal and perhaps of no public importance. However, it is important to me and I think there may be some public utility in it also. It seems to me that what is involved here is an extremely important matter, the question of obedience to the law of the land by the government of the land. I venture to say that if ever there was a period in history when it was imperative that governments should obey the law, this is that period.

If ever there was a country in the world where this is imperative, this is that country. This is about the last place in the world and the last time in the world that governments can afford, it seems to me, to give any shadow of colour to the attitudes and actions of those who are prepared to set the law at defiance.

What are the principles involved here? They are the basic principles of adherence to law. I am not concerned with the merits and demerits of this particular piece of legislation. It may be every bit as good as the Government believes it to be. It may be that the Grain Stabilization Act has come down from heaven like the Platonic image, or the Platonic idea, of desirable legislation. I am not concerned with this specific piece of legislation at all, but simply with this basic principle of adherence to law which, it seems to me, is incumbent upon all of us and should be binding upon all of us and, above all, on the Government itself.

It is a principle which apparently this Government has been slow in grasping and which, it seems to me, needs to be set forth firmly, clearly and in a non-partisan spirit.

What are the facts? Fortunately, or unfortunately—fortunately for the length of time that I have to detain you, honourable senators—I think they are beyond dispute. The Temporary Wheat Reserves Act, chapter 2 of the statutes of 1956, in sections 4 and 5, provides that the Minister of Finance "shall make"—not "may make"—certain payments. Those payments have not been made over a period now of some 14 months. That is the first set of facts, which to my mind establishes clearly that the Government has been in breach of the law. I do not think the responsibility need fall completely on the unfortunate Minister of Finance and be treated as an error on his part as an individual. The Government as a whole must take responsibility for this.

The second set of facts is that this act, passed in 1956, has not been repealed, yet it does not appear in the Revised Statutes of Canada, 1970. It does not appear in the body of the Revised Statutes; it does not appear in the supplement. I have checked very carefully and I cannot find any trace of it whatsoever. It appears to have vanished into limbo; it is neither in the Revised Statutes, nor in the supplement. It has just disappeared into limbo. It seems to me there again, unless I greatly misread the law on the subject, an act which was passed 15 years ago and which has not been repealed ought to appear in the Revised Statutes of Canada, 1970. I know of no law, no usage, which would permit the Government or a commissioner revising the statutes, or whoever is concerned with the matter, to omit from the Revised Statutes a law which was still in force and had been in force some considerable time when that particular revision was made.

Hon. Mr. Everett: May I ask the honourable senator a question? He states that the Government is overdue 14 months, I believe, in its payment. Could he tell me when the first due date for payment was? Was it not after the twelfth month?

[Hon. Mr. Forsey.]

Hon. Mr. Forsey: Well, not that I am aware of. I have read the report of the discussion of this question in the other place. Over and over again the statement has been made that it was 14 months, and never to my knowledge has that been contradicted. However, if it should be one month, two or three months, it makes little difference to my point. I am dealing with the retroactive feature of this legislation. I have something considerable to say about that. I do not stick to the 14 months if some say it is only 13 months, three months or one month; I am not particularly concerned with that.

Senator Everett appears to wish to ask something else.

Hon. Mr. Everett: Since we do not have the facts, one might say that it could possibly be a matter of two months.

Hon. Mr. Forsey: This is something new. I am glad that the Government has a defender on this point here, which it apparently could not find in its own ranks or among its supporters in the other place. If that is the case, and I am surprised to hear it, I am pleased to stand corrected. I still maintain, however, that the principle is at stake. As far as I knew, this was a fact which had not been contested, so I leave it there.

Hon. Mr. Everett: I wish the senator to understand that I am not correcting him. I am merely stating that it may not be 14 months overdue; it may be two months, and I think he agrees.

Hon. Mr. Forsey: I am not in a position to agree or disagree. I assumed from the fact that the enormous battery of legal talent in the ranks of the ministry itself and the other house, with all the armament of the Department of Justice at its command had not questioned this, that the statement was correct. However, perhaps it was a case where it was felt to be beneath the dignity of ministers to make whatever correction was necessary. At any rate this is of no great consequence to my argument.

There are, in effect, four answers which have been given to the protest which has been made. In the first place, the Government said, "Well, this is much better legislation than that which is being superseded, so what are you worrying about?" I should perhaps mention what I presume most honourable senators are aware of, that the Act provides that this particular part of it, section 33, dealing with the repeal of the Temporary Wheat Reserves Act, shall be retroactive to July 31, 1970. The answer to that is: "It is a bagatelle, it is much better legislation, and the farmers will be much better off." This to my mind is completely irrelevant to the point I am making.

The second reply is, "Oh, well, there are obligations and obligations, there are debts and there are debts, there are things that have to be done and things that do not quite so much have to be done. You have a debtor and a creditor and the debtor says he is in certain difficulties but is expecting some good fortune shortly, his ship will be coming in. If you will just wait a little while he will make a different and better payment, but if you

press him now on the letter of the law you will lose out." I am not much impressed by that. I do not think that the Crown in right of the Dominion of Canada should appear as an embarrassed, impecunious debtor waiting for its ship to come in. I do not think this is consonant with the dignity of the Government of Canada and I do not think it is in accordance with the facts. At any rate, I am just a plain, blunt man; I am not a lawyer, I am not in a position to appreciate the fine distinction between one kind of obligation and another. It seems to me that if an act says the Government shall make certain payments, the Government ought to make those payments. I will refer to that in a little more detail in a moment.

The third argument, if we can call it that, is, "Well, there have been retroactive clauses in legislation before. Parliament has the power to pass retroactive legislation, so why get hot and bothered about this?" I will deal with that in a moment.

The fourth reply that is offered is, "Well, we brought this in, and the Opposition has obstructed or at least delayed it. We had every reason to suppose that it would be passed very promptly. However, we discovered that thanks to various things, and because of the misbehaviour of the Opposition, it was not passed very promptly. So it is not our fault that retroactivity goes back quite as far as it does." I must say that I simply do not find such replies convincing.

On Family Allowances, the Government is bringing in new and better legislation than that on the statute books. Nobody will say, "Well, let us make the new act repeal retroactively the present act, and ask those who are getting the Family Allowances to wait until the new act comes into effect and then get better Family Allowances."

We do not do this kind of thing with the income tax. We have the new income tax legislation coming, and it is conceivable that it may mean that I shall be paying rather less tax than I do under the present act. But nobody would think of making this retroactive; nor should I think of saying, "I will not pay my income tax this time because next year when this new legislation comes in I shall not have to pay as much, and therefore I will avail myself of the new legislation, because it will be much better legislation and I may have to pay a much smaller amount of taxes. Therefore, I will let things slide. I do not think this is a very pressing obligation for me in the circumstances."

As to retroactivity, there is no question that Parliament has the power to pass retroactive laws. We are not as restricted in that respect as the American Congress and state legislatures are. There is proper ground for retaining at least part of that retroactive power, although I think it has to be exercised with extreme caution.

There are two conspicuous examples of the use of this retroactive power, one in the Parliament of Canada and one in the Legislature of the Province of Quebec. They are very glaring examples, and it is worth taking a look at them to see what they are.

The one contained in the Dominion legislation was an act passed in 1919, in the aftermath of the Winnipeg strike, providing for the deportation without trial of British subjects not born or naturalized in Canada. It was made retroactive from June 6, 1919, the day on which it received Royal Assent, to May 4, 1910, slightly over 10 years.

The other conspicuous example was an act passed in the Quebec Legislature in the days of the Honourable Maurice Duplessis, to amend the Labour Relations Act of the province, passed on January 28, 1954, and made retroactive to February 3, 1944, slightly less than 10 years.

Therefore we have some precedents there. But I venture to say that they are not very illustrious precedents.

Hon. Mr. Flynn: Do you remember the Dillon law passed under the Taschereau Government, and the Public Order (Temporary Measures) Act passed by this Parliament last fall?

Hon. Mr. Forsey: I merely mentioned certain conspicuous examples, which I venture to say were not very illustrious examples or ones which most of us would be prepared to see followed.

Hon. Mr. Flynn: Your list is not exhaustive.

Hon. Mr. Forsey: No. I have not the knowledge of statutes which the Leader of the Opposition possesses. I am merely offering my two-penny worth of those that I can recall from my own recollection, imperfect and inadequate though it is.

There are times when retroactivity is, I think, justified, partly in certain instances because of the ancient legal maxim: *Salus populi suprema lex.* I use the English pronunciation of the Latin because I think that is what is usually done in our courts.

There are circumstances where, for the very existence of the state, and where national security is in danger, there may be reasonable and proper ground for the use of retroactive legislation.

One example that occurs to me—I have no doubt that honourable senators who are members of the bar will readily call to mind others—is what happened in Great Britain when war broke out in 1914. It was felt necessary for the government of Great Britain to take a variety of immediate actions with regard to financial matters, whose legal ground in the prerogative or the statutes was somewhat dubious, to say the least. The government promptly moved to have Parliament pass retroactive legislation to remove all doubts and validate any of those actions by the executive.

Honourable senators may also know of other cases where, for some grave crisis, immediate action was necessary for the very existence of the state, with retroactive sanctions for this.

Another case is an illustration of that maxim: The law takes no account of little things. When Mr. Ramsay MacDonald formed his second Labour government in 1929, there was a provision in the statutes which said, if I remember correctly, that no more than five Under-Secretaries of State should be sitting in the House of Commons at one time. The government and its legal

advisers overlooked this, and a certain Dr. Drummond Shields was appointed Parliamentary Under-Secretary for India in contravention of the act.

Nobody noticed this for some time. Then some mildewed old clergyman in the backwoods of the United Kingdom suddenly noticed the provision in the act, that Dr. Drummond Shields was subject to some terrific penalty for every day that he sat illegally in the House of Commons, and that half the penalty went to the informer.

He hurried forward to give the information. As a result, the Prime Minister, Mr. Ramsay MacDonald, came to the House of Commons in equal haste and said, "I appear before the house in a white sheet." He went on to say that this was an inadvertent breach of the law; that Dr. Drummond Shields would be ruined if he had to pay this penalty, and he therefore asked the house to consent to an act of indemnity which provided that Dr. Drummond Shields would be deemed not to have contravened the provisions of the law. Everybody agreed that this was quite reasonable, that it was an inadvertent breach of the law which should be dealt with in this particular way.

With all due respect, I do not think that this particular piece of legislation falls within either of those categories. It is not a small thing, and it is not something that affects the very existence of the state.

As for the delays, surely any government with any experience of parliamentary procedure ought to know that you have to budget for delays. You cannot assume a complaisant Opposition. You cannot assume that things will be allowed to go through with a minimum of debate. It astonishes me that anybody with any experience in public life, even experience as vicarious as mine was until a few months ago, should be under this impression.

What on earth is the explanation of this very curious and, to say the least, imprudent as well as improper piece of legislation? My guess is that it originated in the fertile brain of some expert agricultural economist with about as much knowledge of the law or of the place of law in our civilization as a tadpole.

Doubtless he is highly competent, and doubtless full of the best intentions. But I suspect this is what happened, because I happen to know from a friend of mine in the Public Service of an instance where he was presented with a memorandum suggesting action in contravention of the very act which set up the branch of the particular department he was in. He looked at this and said to his superiors, "But this is a breach of section so-and-so of the act, the act which constitutes us." The reply of this highly skilled and highly educated technician was, "Oh, but that is a very silly section." My friend's reply was, "It is a very silly section. When the bill was drafted I wrote a special memorandum to the minister on the subject, pointing out how silly it was and the trouble it would cause. But it has been passed by Parliament and it is not our right to contravene the very act to which we owe our existence. This simply cannot be done." These other gentry appear to have thought this attitude a somewhat quaint one. This I cannot understand.

So I suspect that this may well have come from some very smart agricultural economist or fine technician who just did not realize what was involved. I have the greatest respect for the public servants of this country; I think they are without equal anywhere in the world. But I am sometimes afraid that they are not fully aware of what law means, or what adherence to law means.

I am reminded of a story told by, I think, the late Lord Haldane, of how one night he was returning home from the House of Commons arm in arm with a distinguished British civil servant who had got very impatient with delays in the House of Commons. This civil servant said, "You know, Haldane, we could run the country far better than you fellows, far more efficiently. You are really quite superfluous." Haldane replied, "Yes, my dear fellow, I have no doubt you could run it much better, and in a fortnight there would not be enough lampposts in Whitehall to go round."

What are ministers there for under our Constitution? Why do we have ministers who are not experts in the department, as we habitually do? It is to bring to the technicians, professionals and experts in the Civil Service a sense of what can be done and what cannot be done, what is proper legally and what is not. You cannot expect an agricultural economist to be an expert in law; that is not his business.

Here we have a cabinet with 15 of the 30 members having made their studies in law. I think one of the 15 may not be a member of the bar, but roughly half of the cabinet is made up of members of the legal profession. What were they doing? Why did they not notice this peculiar provision? Or did they just notice it and say, "Well, it doesn't particularly matter"? I do not know, but it simply astounds me that they let the thing go as they did, and presented their political opponents, it seems to me, with a gift. If I had been an opponent of the Government when this feature of this legislation appeared, I would have said, "The Lord hath delivered them into my hands." I do not know why in the world anybody with ordinary prudence would do this thing. Is it over-confidence in their own wisdom and invincibility?

Lord Melbourne once said sadly, "We learn nothing by experience, not even our own." I hope that is a little too pessimistic, but I think it may be time to remind this Government that there was once another government, not so very long ago, very confident of its own wisdom and invincibility, a government which I think was, in our history up to that time, quite without equal in intellectual ability and education. It did various things in sublime confidence that it was possessed of all wisdom and could not possibly be defeated. Then the rains descended and the floods came and beat upon that government that it fell, and great was the fall thereof. I think it well for even this Government, which I consider an exceedingly able and good government, perhaps the best we have ever had, to remember that governments are fallible. Even if it thinks it is the best government that we have ever had, it should remember that it is, after all, made up of fallible human beings,

and if it makes enough mistakes retribution can overtake it. I do not want to see this Government fall.

Hon. Mr. Choquette: It is too late. You have demolished it already.

Hon. Mr. Forsey: Wait a minute. I am afraid, terribly afraid, of what its opponents in either of the Opposition parties might do to the unity of this country and the very existence of this country. I earnestly hope that henceforth these ministers will join, to their immense abilities and their vast knowledge and clear-sightedness and courage—I could go on listing their qualities—an invincible, scrupulous regard for law and for the basic place of law in our society and our civilization.

Hon. Mr. Everett: Honourable senators, I rise because during Senator Forsey's speech I questioned whether the Government was overdue 14 months or two months in making payments. I find that Senator Forsey's statement was correct. Senator McNamara has given me a copy of the Temporary Wheat Reserves Act, which reads as follows:

> ...in respect of any...crop year the total amount payable for the crop year shall be paid in equal monthly payments within such crop year.

Senator Forsey is, therefore, correct.

Hon. Mr. Lang: I wonder if I might ask Senator Forsey a question—I am rather embarrassed at having to ask this—in connection with the omission of the act from the Revised Statutes of Canada? Have the Revised Statutes been proclaimed in force yet?

Hon. Mr. Flynn: Yes, and printed and distributed.

Hon. Mr. Lang: Have they been proclaimed?

Hon. Mr. Forsey: I do not know. I always assumed that they had.

Hon. Mr. Martin: No.

Hon. Mr. Forsey: In fact, I have the whole collection of volumes on my shelf. I did not know that I was getting an advance copy; perhaps I was. In any case, whether they have been proclaimed in force or not, it seems to me that if you have the Revised Statutes of Canada of 1970 you have no business leaving out of them an act passed in 1956 which has not been repealed. I cannot see any way round that.

Hon. Mr. Flynn: They have been distributed and printed. I know there was an incident in Montreal, when a judge of the Sessions of the Peace Court had to reconcile an accusation made under the new numbering of the provisions of the Criminal Code, and he had not yet received the new statutes printed. Yet they had been proclaimed in force, and he had to adjust, which was very difficult because he had not yet received the new statutes. I suggest to the Leader of the Government (Hon. Mr. Martin) that they have been proclaimed. There is quite a mix-up, but they have been proclaimed.

Hon. Harry Hays: Honourable senators, I am not upholding the Government for not making the payments, but I think there is one explanation that should be made in light of Senator Forsey's speech. This is information which I think this house would be glad to have. The Government is certainly delinquent in the payments; there is no doubt about that. I suppose Senator Forsey has never been delinquent in payments to that extent. I have. Farmers were advised by the Government of what was taking place. Every farmer entitled to a payment was advised. As a farmer I was advised and I know, when the legislation goes through, exactly how much I shall receive.

I have discussed this with many farmers. The legislation is excellent. I think it should be on record that all farmers have been advised exactly how much they will receive, if and when the bill is passed. Most of the farmers I have spoken to hope that it will be passed.

Hon. Mr. Flynn: Were you advised you would receive interest on the amount?

Hon. Mr. Hays: The exact amount.

Hon. Mr. Flynn: But what about interest because of the delay in payment?

Hon. Mr. Hays: I think we received these notices some time in July, stating the amount of money that would be received. It was hoped the legislation would be passed and the present act repealed, and that the payments owed to the farmers would be made forthwith.

Hon. Mr. O'Leary: May I ask Senator Hays if, in this communication that he has mentioned, the farmers were also advised that the Government, in order to take this action, proposed to break the law?

Hon. Mr. Hays: No. Certainly it was indicated to the farmers—or the farmers would have understood at any rate—that the Government was delinquent in the payments. However, if the Government makes the payments tomorrow, then the Government is no longer delinquent.

Hon. Mr. O'Leary: Delinquency is not the issue. Delinquency does not matter. What does matter here is that we have a lawless Government. There is no use telling me anything about delay or delinquency. That is not the issue at all. The issue is that the Government of Canada is breaking the law of Canada. That is all that is at issue.

Hon. Paul Martin: Honourable senators, there is no doubt that the Government is in default. There has been no denial of that fact, but I feel it is not possible to discuss this matter fully at this time. As Senator Forsey has taken advantage of the opportunity, it is open for us to discuss the default of the Government in respect to payments under the Temporary Wheat Reserves Act, but I am inclined to wonder whether much of what Senator Forsey said was really in order, because he was discussing a bill that is now being debated in the other place and which provides for payments amounting to $100 million. I do not think it is within our competence at this

time to discuss that bill. I feel that only when we are in a position to discuss that bill fully, will it be possible to deal with the general question of default under the Temporary Wheat Reserves Act charged against the Government. For that reason I move the adjournment of the debate.

Hon. Mr. Choquette: Surely the leader is not serious in that little exposé he has just given us. Either the Government is in default or it is not. Senator Forsey says it is, and incidentally mentions the new bill. Surely he is entitled to point out the default of the Government.

Hon. Mr. Flynn: I am very pleased to hear that the Government Leader for the first time moving the adjournment of a debate. Will he be speaking at the next sitting?

The Hon. the Speaker: May I say at this point that I have followed this discussion very closely and I have been waiting to see if a point of order would be raised. A point of order has not been raised. There is the possibility that we might be dealing here with two different measures. One is a statute, and it is perfectly in order for honourable Senator Forsey to make his point with respect to a Government failure to act upon it, if it is his opinion that the Government has so failed to act. The other is a bill, the Prairie Grain Stabilization bill which is now before the House of Commons. As that bill has not yet reached this house I have the fear that other speakers in this debate, because this inquiry has now become a debate, might continue dealing with it and that would not be in accordance with the practice. I hope honourable senators who follow in this debate will bear that in mind.

On motion of Hon. Mr. Martin, debate adjourned.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

October 6, 1971

Sir,

I have the honour to inform you that the Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, October 6, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant
Louis-Frémont Trudeau,
Brigadier General,
Assistant Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa

[Hon. Mr. Martin.]

SENATE ACCOUNTS

SECOND REPORT OF STANDING COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION ADOPTED

The Senate proceeded to consideration of the second report of the Standing Committee on Internal Economy, Budgets and Administration which was presented yesterday.

Hon. Donald Smith: Honourable senators, I should like the privilege of saying just a few words about the consideration that went into the preparation of the report which was presented yesterday and which appeared in yesterday's *Hansard* and the *Minutes of the Proceedings* for yesterday. At the committee meeting on Tuesday morning special mention was made of the unusual attention which was paid to the job undertaken by the subcommittee comprised of Senator Molson as Chairman, Senator Beaubien and Senator McElman. They took their job very seriously indeed, and I am inclined to believe that they were stimulated by the fact that expenses of operating the chamber are growing at a rather fast rate. When they analysed the figures presented to them, which were tabled by the Clerk last spring before we adjourned for the summer recess, they discovered that the printing costs, apart from the normal increase in staff salaries, were increasing at a constant rate. In fact, they have become so high as to stagger those who served in the Senate not too many years ago. The subcommittee under Senator Molson's direction gave special attention to this phase and have recommended in the report that officials of the Canadian Government Printing Bureau be invited to appear before the committee to explain their printing charges. I take it that if this report is adopted by the Senate, it will be the authority for the committee to go ahead with that exercise in the near future.

I would point out that the report recommends that the committee chairmen themselves should exercise care toward eliminating any unnecessary printing. Several committee chairmen have already done so. I believe that the Special Senate Committee on Mass Media was one of the first. When it commenced its many and lengthy hearings a year or so ago it adopted a policy of not printing all the briefs with the graphs, pictures, and so on, that sometimes go with submissions made to committees. I understand that Senator Hayden's committee, in its study of tax reform legislation, is following this policy. I am informed by Senator Langlois that it was also followed by the Standing Senate Committee on National Finance. This is becoming general and it is a policy that I hope all chairmen would be encouraged to follow.

Apart from these suggestions made by Senator Molson's subcommittee to the main committee, Senator Molson has had a study made of the form of accounts. He is making suggestions to the administration of the Senate with regard to improvements which will bring the form of the accounts more into line with today's business practice.

Another reason I rise to say just a few words in moving the adoption of the report is to follow the

instructions given to me by the members of the Standing Committee on Internal Economy, Budgets and Administration. These instructions were not only to write a letter to Senator Molson informing him of our pleasure at receiving his subcommittee's report, but to state so for our record. I do that today with the greatest appreciation.

Hon. Mr. Benidickson: Honourable senators, I hope I am not asking a question that will embarrass Senator Smith but, being a member of the committee, I think it should be mentioned that one of the important items on the agenda of the committee was a scrutiny of the salaries of all employees of the Senate. I think some 200 personnel were involved, and perhaps Senator Smith might give his colleagues the percentage increases that became applicable retroactively to certain dates. If he considers that not to be appropriate, the facts could be ascertained by the individuals concerned by inquiry of the administration.

Hon. Mr. Smith: Honourable senators, I take that as a question. In the first place, the reason why the information to which my honourable friend referred is not published in the *Minutes of the Proceedings* of the Senate is that that has not, in my time, been the practice. Neither, indeed, has it been the practice in the House of Commons to publish that type of information; it is rather lengthy and involved.

Hon. Mr. Benidickson: I did not mean the detail, but the percentage figure.

Hon. Mr. Smith: As Senator Benidickson and I found out, such figures tend to be easily misunderstood. However, to answer his question, and to put something on the record in regard to it, I will say that the salary increases are in almost exactly the same terms as those given to the employees of the House of Commons. Those who are employed on the staff of the Senate and who receive an annual salary under $5,000 had their salaries increased by 10 per cent. Those on the Senate staff whose annual salary exceeds $5,000, had their salaries increased by 6 per cent.

Hon. Mr. Benidickson: That is all I thought was appropriate.

Hon. Mr. Smith: I should also point out in general terms that there was a general reclassification of the staff of the Senate. This is to bring them in line with classifications in the Public Service of Canada and, having regard to the duties performed, in the House of Commons. The reclassification applies suitable titles to positions, which is very useful indeed when those of us concerned with this subject have to make comparisons in order to determine whether we are in or out of line. In the case of the relatively few members of our staff who received an increase due to reclassification, the total of those increases is only a few hundreds of dollars—not a very large item. However, it is more a matter of convenience than anything else that some of the job classifications of the Senate have been changed.

Report adopted.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, the Standing Senate Committee on Banking, Trade and Commerce is sitting now and will sit tomorrow morning. The Joint Committee on the Constitution is sitting this afternoon and will sit tomorrow morning. That committee will also sit four days next week. The Banking, Trade and Commerce Committee will sit two and possibly three days next week. The Senate will meet again tomorrow.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bill:

An Act to amend the Judges Act and the Financial Administration Act.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 7, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

UNITED BANK OF CANADA—REPORT OF COMMITTEE

Hon. Leopold Langlois, for Hon. Mr. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-22, to incorporate United Bank of Canada, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Chesley W. Carter: Honourable senators, on behalf of Hon. Mr. Robichaud, and notwithstanding Rule 45(1)(b), I move that the bill be read the third time now.

Hon. Mr. Flynn: Why the hurry?

Hon. Mr. Carter: I am afraid I cannot give a full explanation of the urgency. Senator Robichaud was to have been here to move third reading himself but later it transpired that he could not be here and he asked me to move third reading on his behalf. I understand one reason is that this bill has now been before this house for some considerable time, and the principals concerned are anxious to make application for the charter as soon as possible.

Hon. Mr. Flynn: I should just like to say that unless some other honourable senator has views on the matter, I can see no useful purpose in delaying third reading of this bill and I personally have no objection. However, I do not wish to see this being established as a precedent when it comes to the matter of waiving our rules.

Hon. Mr. Beaubien: Honourable senators, I have no objection to putting the bill through. In my opinion, we have considered it fairly reasonably and there is no reason why we should turn it down. However, I do not see any point in pushing it through now unless there is a very good reason, which does not seem apparent to me. I am willing to let it go through, but a very good reason should be given.

The Hon. the Speaker: Honourable senators, I would point out that when this motion was made by Senator Carter he was asking for unanimous consent. Do I understand that there is unanimous consent?

Hon. Mr. Choquette: There is.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, October 12, 1971, at 8 p.m.

He said: Honourable senators, a heavy workload is envisaged for the Senate next week. The Joint Committee on the Constitution of Canada will meet practically every day. The Standing Senate Committee on Banking Trade and Commerce will meet on Wednesday and Thursday, and it is very likely that the Standing Committee on National Finance will meet next week.

Hon. Mr. Choquette: What about this chamber?

Hon. Mr. Langlois: We will be sitting from Tuesday evening on.

Motion agreed to.

TEMPORARY WHEAT RESERVES ACT

FAILURE OF GOVERNMENT TO MAKE PAYMENTS—OMISSION OF ACT FROM REVISED STATUTES OF CANADA, 1970—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the Temporary Wheat Reserves Act, and to the omission of that Act from the Revised Statutes of Canada, 1970—(Honourable Senator Martin, P.C.)

Hon. Paul Martin: Stand.

Hon. Mr. Flynn: I had hoped that the honourable the Leader of the Government would have been ready to reply to the speech made yesterday by the honourable Senator Forsey.

Hon. Mr. Martin: I had hoped to make the reply today.

Hon. Mr. Flynn: I was looking forward to it. I am very disappointed.

[*Translation*]

Hon. Mr. Choquette: We must not exaggerate.

Hon. Mr. Langlois: That is always wise.

[*English*]

Order stands.

PAROLE SYSTEM

PROPOSED STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, October 5, the adjourned debate on the motion by Hon. Mr. Laird that the Standing Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

Hon. J. Harper Prowse: Honourable senators, I am not sure that a great deal needs to be said with respect to this motion. It seems to me that most of the things have already been said, and any matters that I bring up are probably matters that should be before the committee.

The motion calls for the Standing Senate Committee on Legal and Constitutional Affairs to examine and report upon all aspects of the parole system in Canada. Perhaps the importance of this is best illustrated and explained by the use of statistics in the last Public Accounts. These show that our total of $80 million set aside for the operation of correctional institutions in Canada, $75 million goes for the operation of penitentiaries and less than $5 million for the operation of the Parole Board. Both of these institutions are to carry out the intentions of Parliament under the Criminal Code.

In dealing with sentence the first general principle a judge should take into consideration is making the punishment fit the crime. The punishment itself serves two purposes, the first being as a deterrent to the offender; in other words, to help condition his reflexes by making him realize that his type of behaviour is not going to be tolerated. The second purpose is as a deterrent to other persons who might be tempted to commit the same crime.

The second principle is to provide for the segregation from society, for the protection of society, of people whose behaviour has indicated that they are a danger to society.

The third principle is to provide an opportunity for the rehabilitation of the particular person the court is dealing with. That means simply trying to make it possible for that individual, rather than be a danger or a threat or an expense to society, to become a useful, productive full-fledged member of society.

Parole has nothing to do either with punishment—except to a limited extent, which I shall come to in a moment—or with segregation. It is concerned chiefly with the rehabilitation aspect. Are we really concerned about the rehabilitation of prisoners? As Senator Laird pointed out, it costs about $5,300 per year to keep a person in a penal institution. On the other hand, parole supervision, to use his figures, costs an average of $750 a year. Therefore, if we can put a man successfully on parole, we save approximately $4,500 a year right at the start. Secondly, if he is able to maintain himself while on parole he makes a contribution to society. Depending on what his income is, he will become either self-supporting or partly self-supporting; he may become self-supporting and a taxpayer who helps to carry the general load.

Honourable senators, at this stage there arises for our consideration the following thoughts. There are certain people who say that no one should be in prison, that imprisonment is a proof of the failure of our social system. On the other hand, others say that anyone who is against the social system, to the point where he can commit a crime and endanger the welfare of others, deserves no sympathy and should be eradicated. Those are two extremes. The probability is that, in this argument as in all arguments, the best possible course lies somewhere in between.

In the suggestion that the Standing Senate Committee on Legal and Constitutional Affairs carry out this investigation, there lies the hope that we may find that point in between at which we can enable our correctional institutions to serve the best interests of society and give us the best return, not only on our dollar, but for our effort and concern. It is not my intention to tell you where that line should be drawn. If I knew, I could make such a speech and say so, and there would be no need for an investigation.

I have outlined to you the fact that, if we can successfully operate a parole system, not only can we save the Government of Canada money but we can make it possible for people, who now must be maintained by the taxpayers, to make a contribution to the elevation of the standard of living available to all Canadians. That is the possibility. But one of the problems we are going to have to deal with is that on the one hand there are those who say that that is not the possibility but is the fact, and on the other hand there are those who say that this is nothing more than the result of the operations of a bunch of irresponsible bleeding hearts. They argue that the only thing that seems to be accomplished is the premature return to society of people who have shown a capability for damaging society and who, when they are put back into society, repeat their depredations.

I suggest that somewhere in between the truth will lie. For example, the figures for investigated cases show that 86 per cent of those checked upon were found to be gainfully employed, whether supporting relatives or not. The remaining 14 per cent were living on welfare. So at least we have said that much.

On the other hand, we should like to know how much damage to society has been done by those comprising that 14 per cent unemployed, and who may have gone back to their former way of life.

The figures on those persons who have received parole and have then gone back to their former way of life as compared to those who have been in our penitentiaries, completed their sentences and have been convicted again—called the rate of recidivism—runs to about 55 per cent. Over a period taken from 1956 to 1967, the percentage

of parolees who got into trouble again, lost parole and went back to penitentiary was about 30 per cent. So in that figure there is an absolute gain again.

To establish the value of that gain it will be necessary to find out how much damage has been done by the 30 per cent. Was the damage done by those who got out ahead of time sufficient to make us feel that the advantages we received from those who did not go back were worth the risk? In other words, there is a whole matter of collecting evidence on a great many aspects of a very complicated problem and then of trying to draw balances.

Interest in this resolution comes on the one hand from people who have been appalled by the fact that in certain cases men who have been in penitentiaries because of very serious crimes have been able to obtain parole and have then committed crimes again, even including murder. I think there was one in that category. But what we need to do, honourable senators, is to find out how many there were who went out and successfully stayed out as compared to those who returned.

A further point I should like to make is that there is no question but that incarceration in a penitentiary is basically a brutalizing experience. It may be that the roughness of the incarceration will be sufficient in certain cases to cause the individual to say to himself, "I don't intend ever to let myself be exposed to this kind of thing again; therefore from this point onward I must be careful to walk within the confines of the law." On the other hand, there must be cases where a person confined in that manner for a long period of time will, because of a deeply developed sense of individualism, build up such a sense of resentment that he becomes an even more serious threat to society at the end of his sentence than he would have had he been released at an earlier date.

Honourable senators, the committee will have to consider many individual cases and accept a lot of advice, some of which, as frequently happens with advice, will not be worth very much. Nevertheless, some of it will be valuable, and I am sure that the committee will be able to distinguish the one from the other, and thus be able to make a useful recommendation or statement.

At the present time, the whole system of parole is subject to criticisms which arise from ignorance and prejudice on both sides. If this committee does nothing more than put the facts before the public, then I think it will have earned its keep and the thanks of everyone concerned with this serious problem.

Canadian society, as a result of the growth of great cities and concentrations of population—and perhaps as a result of affluence—is facing a steadily growing crime rate. While a steadily growing crime rate concerns us as a moral issue, it must also concern us from a much more practical and down-to-earth standpoint. We must consider the fact that it creates a situation in which we

are not able to enjoy the sense of security and satisfaction that we should.

Let me illustrate what I mean. Two years ago almost to the day it was my privilege to go to New York as an observer at the United Nations on behalf of the Senate. On checking into the Barclay Hotel, which is four blocks from the United Nations building and next door to the Waldorf Astoria, and right in the centre of what one would normally consider to be the finest development of our civilization, the Island of Manhattan—an area with the greatest wealth per capita in the world, I should think. With my key I received a letter from the hotel manager, in which I was told that under no circumstances was I to take my key out of the hotel, or tell anybody what hotel I was staying at. I was not supposed to tell even relatives who were staying at the same hotel my room number. I was also warned not to forget to put on the night chain when I retired for the night, and not to let anybody, even telephone or television repairmen, in. When I could identify the chambermaid apparently it was all right to let her in, but if any one else knocked on the door I was to telephone the desk to inquire who it was.

Then there was a little bit of gratuitous advice. It was simply this: If your wife is with you and she wants to walk on the street, don't let her carry a handbag on her arm. Wives were also advised not to go anywhere without their husbands and not to walk on the streets but rather to take taxis. Honourable senators, this is what crime and the inability to deal with crime in our big cities has brought us to.

I have had occasion before to talk about the instinctive behaviour of man. I have found it rather interesting to read that rats kept in a compound with enough room to live each in his own little territory are gentle animals. But when they are crowded into a small area, they become vicious. They soon become irritable and snap at one another, and end up not only killing but eating one another. Perhaps mankind has more in common with the rat than we care to acknowledge. The overcrowding in our cities may be an indication of the type of problem we have to deal with. Some of the suggested solutions to the problem are so costly that we can hardly afford the advantages.

Honourable senators, I do not know whether the committee will care to go into this aspect. I do not even know if there is anyone who could help the committee if it decided to consider it. But I did want to indicate to you we are spending $5 million for a parole service designed to let people out of jail before the expiration of their sentences, while we are spending $75 million a year to keep people in jail. Where do we get the best return for our dollar? This is something we must ascertain if we are to fulfil our basic responsibility to the people of Canada. Can we satisfy the need of the people for protection, and give them value for their dollars, by some changes in the parole system, or are we to say that parole is a lot of nonsense?

Should those who administer the Parole Act be given clear instructions as to what Parliament expects them

to do? Or should we give them more general terms and in effect a carte blanche to do what needs to be done? Should we give them less money because it is being wasted, or should we give them additional facilities in order to provide the psychiatrists, psychologists and the other people necessary to do a better job?

I do not know the answers. If any of us knew the answers, this resolution would not be necessary. I hope, honourable senators, that I have given you some indication that there are problems here that we, with our special facilities, can study and, hopefully, produce something that will be of value to the people of Canada. I would suggest that the sooner we can proceed with the study the sooner we will be able to produce the report and the answers.

On motion of Hon. Mr. Choquette, for Hon. Mr. Macdonald, debate adjourned.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, there are some senators who I know have work which might usefully be done outside the chamber at this time. I therefore propose the adjournment of the Senate. I would recall the remarks of Senator Langlois in support of his motion for the next sitting. He indicated that next week will be a very heavy week for the Senate, particularly the committees.

The Special Joint Committee on the Constitution of Canada will be sitting practically every day and I feel that it is very important that the attendance of senators on that committee be up to strength. I may say that we in the Senate have every reason to be proud of the attendance of senators on that joint committee. I will make no comparisons with the other place, but the attendance of senators on that committee has indeed been an inspiring fact.

Then the Standing Senate Committee on Banking, Trade and Commerce will be meeting, as Senator Langlois reminded us, on Wednesday and Thursday. It is likely that there will also be meetings of the Standing Senate Committee on National Finance.

The Senate adjourned until Tuesday, October 12, at 8 o'clock in the evening.

THE SENATE

Tuesday, October 12, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE HÉDARD ROBICHAUD, P.C.

TRIBUTES ON RETIREMENT FROM SENATE AND APPOINTMENT AS LIEUTENANT-GOVERNOR OF NEW BRUNSWICK

Hon. Paul Martin: Honourable senators will have learned that last Friday the Honourable Hédard Robichaud accepted an appointment as Lieutenant-Governor of New Brunswick. I need not say that we all greatly regret that he will no longer continue to serve as a senator. He indeed was a distinguished senator, climaxing his political career by membership in this House.

Senator Robichaud was a distinguished parliamentarian, a member of Parliament for a number of years, Minister of Fisheries in the Pearson administration. During the time he was a member of this house we recognized him as one of our outstanding senators. No one will miss his services more than I. He was a regular attendant in this chamber and was always listened to when he spoke. Whenever there was a difficult bill to be introduced he was ready to assume this task, which he performed with great ability.

[*Translation*]

Even if we are inclined to consider the departure of Senator Robichaud as a loss for the Senate, we must also take into account his personal feelings. It is indeed a great honour to be appointed Lieutenant-Governor of one's native province.

Senator Robichaud is Acadian on his father's and mother's sides and I think that he is the first Acadian to be appointed to that office.

He attended Sacred Heart University in Bathurst and St. Joseph's University in St. Joseph. He holds a honorary degree from the University of New Brunswick.

Everyone in this chamber knows how well he carried out his duties on the other side. He was, for many years, the expert with regard to fisheries and he was always equal to the task, whatever the problem.

He was Inspector, then Director of Fisheries for the Province of New Brunswick.

He was first elected to the House of Commons in 1953. It was only normal that he should become Minister of Fisheries when the Liberals came to power following the 1963 general election.

Because the economy of his province was important to him, Senator Robichaud always worked in close co-operation with the provincial government, even during the years when he was Minister of Fisheries and carrying out many functions.

He is now going back to his province to devote his full time to it.

The Prime Minister, by his choice of a senator for this post, has show the high esteem in which he holds the Senate.

Senator Robichaud's absence will be regretted by all of us. I want to extend to him our heartfelt congratulations and our best wishes in his new role.

[*English*]

Hon. Jacques Flynn: Honourable senators, Canadians in general had reason for being thankful yesterday, Thanksgiving Day, for the degree of personal freedom that we enjoy in this land and for the peace and security that we take for granted which, for hundreds of millions of people on this earth, are luxuries not to be dreamed of, let alone sought after.

But New Brunswick had a special reason to be thankful yesterday in that Senator Hédard Robichaud chose to resign his seat in this chamber and to assume the role of Lieutenant-Governor of their province. Our loss, and it is a great one, is their gain, and it is a great one too.

Hédard Robichaud is a man of significant ability, remarkable dedication to duty, and unconquerable energy. He had, as noted by the Leader of the Government, a noteworthy career which started with his acting as Fisheries Inspector for the Province of New Brunswick from 1947 to 1952. He has been in Parliament since 1953 and was appointed to the Pearson cabinet as Minister of Fisheries in 1963. Later, in 1968, he joined the Senate.

[*Translation*]

Honourable senators, I am particularly happy to underline the fact that Hédard Robichaud is the first Acadian to become Lieutenant-Governor of New Brunswick.

I congratulate without any restriction the Prime Minister of Canada for having recognized by this appointment the particularly bilingual character of New Brunswick.

To His Excellency the new Lieutenant-Governor of New Brunswick, his wife and family, I extend our most sincere congratulations and our best wishes.

Hon. Hervé J. Michaud: Honourable senators, I would like to join the previous speakers in paying a personal tribute to the man who has been appointed Lieutenant-Governor of the Province of New Brunswick.

I shall always be proud to have been, for ten years, the colleague of the new Lieutenant-Governor, Mr. Robichaud, when we first arrived in the other place, as it was pointed out, in 1953. The moment he became a member of the Canadian Parliament, he distinguished himself as a hard-working man, fully dedicated to those he represented. His devotion, sincerity, and tenaciousness are undoubtedly the qualities that drew the attention of those who wanted to honour him with the title he has just received.

It is the whole population of the province that has welcomed this appointment. During the swearing-in ceremony, on Friday last, the Premier, Mr. Hatfield, said that this was a historical event, and added: We are honoured by your appointment, because it reflects the spirit that prevails in New Brunswick today.

In an editorial, the *Moncton Times* said:

[*English*]

> The appointment is so thoroughly deserved. It is a recognition of Mr. Robichaud's lengthy service to the province. It is a welcome appointment, an appointment eminently suitable, and it is a recognition of the prominent role the Acadians have played in all walks of life in New Brunswick.

[*Translation*]

Still about this last event, the Saint John *Telegraph* had this to say:

[*English*]

> Choice of the first Acadian ever to serve as New Brunswick's lieutenant-governor will be warmly acclaimed as ushering in a new era in the history of this province. And Senator Hédard Robichaud, long an active and articulate champion of provincial causes, was an obvious and ideal person to fill the role as the Queen's representative.

[*Translation*]

This is what *Le Progrès L'Évangéline* had to say this morning on that subject:

> The choice is an excellent one: Mr. Hédard Robichaud who has resigned from his seat in the Senate has always wanted to serve the public. He has been successively a high official of the provincial government, a member of the House of Commons, a federal cabinet minister and for a little over three years, a senator.
>
> It is not surprising that Mr. Robichaud should have been willing to meet the challenge of being New Brunswick's first Acadian Lieutenant-Governor.

A little further on:

> To the new Lieutenant-Governor and to Mrs. Hédard Robichaud, who becomes the First Lady of New Brunswick, we extend our most sincere congratulations and our best wishes. The Acadians have just entered into a new historical phase.

Honourable senators, I am happy to endorse those words, as they appeared this morning in our newspaper, *Le Progrès L'Évangéline*, in tribute to our new Lieutenant-Governor, the Honourable Hédard Robichaud.

[*English*]

Hon. G. Percival Burchill: Honourable senators, I do not feel that I can add much to what has been said by Senator Martin, Senator Flynn and Senator Michaud, in praise of Senator Hédard Robichaud on his appointment as Lieutenant-Governor of New Brunswick. Nevertheless, as a senator from New Brunswick it is fitting that I associate myself very warmly with those words of congratulation which have been said. As a friend and colleague in the Senate, I wish the new Lieutenant-Governor every possible happiness and success.

Honourable senators, the late Lieutenant-Governor Bird carried out successfully a tremendous task in New Brunswick, and his sudden death was a shock to the people of the province. He had been active in his work up to within two or three days of his sudden collapse. Everyone agrees that he did a wonderful job during his term of office.

The new Lieutenant-Governor, our colleague Senator Robichaud, will certainly follow in the footsteps of his predecessor. Senator Robichaud has always been ready to accept a challenge. Some honourable senators may not recall that when he was an official of the Department of Fisheries—as Senator Michaud has told us—there was a by-election in the County of Gloucester in New Brunswick. It was considered a safe stronghold of the Liberals. Mr. Robichaud resigned his official position in the department—he was a comparatively young man then—and received the nomination as the Liberal candidate for Gloucester. To the great surprise of everyone, Gloucester turned Conservative in that election.

Hon. Mr. Flynn: By the way, it was another Robichaud who won the seat on that occasion.

Hon. Mr. Burchill: That is right. Today he is a member of the Supreme Court of New Brunswick. In any event, there was a general election a year and a half later and Senator Robichaud offered himself again and was elected. I am pointing out that, as a characteristic of the man, he has always been prepared to accept a challenge, and in accepting the position of Lieutenant-Governor of New Brunswick he has certainly accepted a challenge.

I am sure all of us join in wishing him and his charming wife all possible success in his new position.

Hon. Muriel McQ. Fergusson: Honourable senators, as a senator from New Brunswick and a personal friend of the new Lieutenant-Governor and his charming wife, I simply wish to express my delight at his appointment.

Lieutenant-Governor Robichaud has given valuable service to New Brunswick. He is well liked there, and what he has done for the province has been greatly appreciated by its people. Not only has he served well the Province of New Brunswick, he has also given great

service to Canada as a whole. He well deserves the honour of being the first Acadian Lieutenant-Governor of New Brunswick.

Like Senator Michaud, I was very happy to be present on the occasion of the swearing in of the new Lieutenant-Governor, when the Premier of New Brunswick spoke so highly of him.

Once again may I extend to Lieutenant-Governor Robichaud and his wife our best wishes for every success, and for health and happiness while carrying out the new and important duties he will be undertaking in the immediate future.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Northern Canada Power Commission, including its accounts and financial statements and the Auditor General's report thereon, for the fiscal year ended March 31, 1971, pursuant to section 24 of the Northern Canada Power Commission Act, chapter N-21, and section 75(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

NATIONAL HEALTH

THERAPEUTIC ABORTIONS IN CANADA—DEBATE ADJOURNED

Hon. Joseph A. Sullivan rose pursuant to notice:

That he will call the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

He said: Honourable senators, I am confronted with three problems in speaking on this topic tonight. The first problem is that, like Senator Forsey, I have an upper respiratory infection. That is simple language. The second problem is that I know this may be an exercise in complete futility. The third problem is that considering the statistics that were made public the other day, and bearing in mind that this is a subject in which I am vitally interested and one on which I have spoken previously, I do not intend to put a check on my remarks with regard to this prevalent free-wheeling, permissive society of today. I am going to speak very plainly and bluntly.

Therapeutic abortions performed in Canada in the first six months of 1971 totalled 14,188, according to reports to Statistics Canada by hospital authorities in the ten provinces and the Yukon Territory. This is 3,036 more than the 11,152 therapeutic abortions reported for the full calendar year 1970.

Patients with Canadian residence accounted for all but 20 of the 14,188 abortions reported. In terms of rates per 100 live births, abortions reported for Canadian residents in 1971 amounted to 7.6 per cent of live births as compared to 3 per cent in 1970. Rates for the six-month period in 1971 for the provinces varied from about 19 per cent for British Columbia down through about 11 per cent for Ontario, 10 per cent for Alberta, 4 per cent for Saskatchewan, Manitoba and Nova Scotia, and less than 2 per cent for Quebec, New Brunswick, Prince Edward Island and Newfoundland.

Further details, including totals of therapeutic abortions and rates by provinces, by months in 1971 and quarters in 1970 are available from the Health and Welfare Division, Statistics Canada, Ottawa.

Honourable senators, recently on the TV show *Weekend*, carried on the CBC national network, I witnessed with disgust a film showing the actual technical procedures of an abortion being performed on a patient. Whatever the moral reasons are for liberalization of the abortion laws there can be no moral justification for such a gross lapse in taste. I strenuously object to this gross misuse of national television for this purpose.

From a technical aspect, I might also point out that this procedure was anything but sterile in that the man doing the abortion did not "scrub", did not wear a mask, and did not use sterile equipment as evidenced by a dirty sponge thrown on his tray after his assistant had wiped the patient's hand with it. Surely it is unhealthy for the unborn person to be sucked out, cut up —curettage—pickled, salted-out, or delivered prematurely and left unattended to die, as the present abortion policy allows, merely at the request of a pregnant woman.

It is commonly accepted that the concept of clinical death be applied in deciding when a fetus may be aborted.

Honourable senators, it is possible to do an electroencephalogram at 10 weeks, hear the heart tone with new ultrasonic techniques at 10 weeks, measure the brain waves at 43 days, and diagnose a long list of diseases and treat life-threatening situations before birth. Brain waves, heart beat, blood pressure and metabolism, along with other unmistakable signs of life, have all been detected in early human embryos and fetuses before the age at which most abortions are performed.

Remember too that clinical death is an irreversible condition, quite unlike that of a developing fetus at any stage. So even if most of these clinical signs of life cannot be detected, that does certainly not prove that the fetus was dead. Even before heart beat and brain function are established, a growing embryo or fetus is demonstrably alive.

From the *Linacre Quarterly*, February 19, 1971, A Journal of the Philosophy and Ethics of Medical Practice, on page 33, I quote:

> The Japanese press carried a statement recently that we should reflect on responsibilities towards the 50,000,000 fetuses which have been aborted in the last two decades.

Honourable senators, I am indebted to my medical colleagues in the National Federation of Catholic Physicians' Guilds in this country, the United States, and the Old Country for a considerable number of statistics

which I am about to reveal. This is particularly true of the editorial board of the *Linacre Quarterly* and their writers, such as Dr. Henry Armitage of Massachusetts and my own colleagues in biological medicine. I have as well used freely a recent publication, namely, *The Morality of Abortion: Legal and Historical Perspectives,* edited by John T. Noonan, Jr., Cambridge: Harvard University Press, 1970.

There are two kinds of doctors who believe in therapeutic abortions. One kind believes that any woman who really wants to be rid of it should have a pregnancy terminated. The other kind believes that the decision should be governed by the law of the land, and that therapeutic abortion should be carried out only when the doctor genuinely believes continuation of the pregnancy will seriously endanger the life and health, physical and mental, of the woman. The decision is now made by a majority of at least three doctors, the hospital therapeutic abortion committee. The implications are obvious. If two or more of the committee belong to the first group, "rubber stamp" authorizations will be the rule; but not otherwise.

The doctor of humanitarian bent will seek a reason for justifying a therapeutic abortion in the eyes of the law for all his patients, since many are healthy young women, sound in body and mind except for a natural disturbance of the emotions due to the unwanted pregnancy. It is only in this realm of psychiatric disease that an excuse can be found for terminating the pregnancy. As I have heard it stated by a patient: "Do I have to attempt suicide before you can do anything for me?" Consequently, the psychiatrist is asked to apply the rubber stamp, but it is the committee that decides.

A woman wanting an abortion must first find a doctor who is willing to make out a case and present it to the therapeutic abortion committee. She must then see a complaisant psychiatrist, and her doctor must be sure that the committee which considers her case contains a majority of his colleagues who are humane rather than law-abiding.

The "liberalization" of Canada's abortion laws has expanded rather than eliminated the deceit by which therapeutic abortions are arranged.

At the present time, in the State of New York, a woman may go to a doctor and ask for an abortion and, barring lateness of arrival, not being pregnant, or choosing a contrary physician or hospital, she shall have it. This is so because she lives in a country where what she is demanding is being established as a right as, in successive states, the abortion laws are being declared unconstitutional. The trend began in the Supreme Court of California and came east when the American Civil Liberties Union brought suit in the Federal Court in New York City. A not unimaginable suit in the Supreme Court, aimed at voiding the abortion law in all states where abortion is prohibited now, would remove the question from the legislative arena and the reach of public opinion, thus federalizing the whole abortion issue.

Where abortion has been legalized, if a woman is eligible for benefits, Medicare will pay the bill. At the present time there is nothing to indicate that what was first argued as a private right may not soon become a public duty and end, perhaps, as a compulsory obligation. Writers already have pointed out how a welfare worker might pressure a recipient toward an abortion with the implication of curtailment of benefits.

It seems that, weary as we may be with the fatigue of supporting freedom, we have now to contend with the notion that corporate humanity is about to turn over the custody of its life energy to the state. I submit that while we go on worshiping the national idols we are being bewildered by the national bureaucracy. Conditioned by a full ten years of concern about population, we are experiencing a shift in emphasis away from programs for the care of the unwell towards others for the limitation of the well. Dr. Lee DuBridge, until recently Science Adviser to the President of the United States, has advocated fixing the United States population at 250 million, world population at 6 billion, and achievement of zero population growth by the year 2,000.

Senator Robert Packwood has advocated limitation of tax exemption to two children in a family, and has stated that, if voluntary controls do not work, we may have to resort to mandatory controls. He has been supported by Dr. Alan Gutt-macher, President of the Planned Parenthood Federation of America, one of the plaintiffs in the New York suit, who has said:

> Each country will have to decide its own form of coercion. At the present the means available are compulsory sterilization and compulsory abortion. Perhaps some day a way of enforcing compulsory birth control will be feasible.

He acknowledges that "in a democracy, introducing compulsory measures or incentive awards to control fertility would admittedly present awesome difficulties." Presumably in a non-democracy it does not.

While his "truth is marching on", abortion is becoming the law of that great country, and fast becoming so here. Sixteen states have adopted abortion-on-demand laws, and five are awaiting United States Supreme Court interpretation of the constitutionality of their therapeutic abortion statutes. While millions of citizens are going to, coming from, saving for, paying off at their shopping centres, in a never-ending litany of getting, his "terrible, swift sword" is being bent into a curette, and the 91st Congress of the United States has before it more than forty legal proposals dealing with the limitation of life, before and after conception.

Not without comment shall it come to pass that a state, so fretful for the preservation of the praying mantis but holding an unborn baby to be of no account, can send a spark of immortality swinging out into limbo and conspire with citizen and physician to turn a fragile living object of simple innocence and complex wonder into a pathetic pulp, and to consign it by rude and peremptory passages to the furnace or sewer—unknown, unwanted, undefended, without benefit of clergy.

Not without comment shall it be made falsely to seem that the fertile adornment of our race can be deluded into the notion that she is a mere portress of unwanted luggage or be, by blandishment, seduced into believing that she has dominion over life not her own. Nor shall it be accounted a virtue to exploit the natural fallibilities and weaknesses of troubled women and girls.

Not without comment shall it be made falsely to appear that any political procurer who takes it into his head can, with impunity and every probability of success, dangle a coin before a profession whose members were pledging, "I will not give a woman a pessary to produce an abortion" before the birth of Christ.

Not without comment shall it be that the poor, the weak and the helpless of this land, whose only vice is that they are so many, shall for a mess of pottage and a ballot, yield over to the state their privacy, their dignity, and their liberty to increase. Is it to be here, among these, where the grapes of wrath are stored, that society is to wield its own terrible swift sword?

It has been estimated that 50,000 abortions will occur in New York City in the first year of the program, and guesses for the entire state range from 110,000 to 500,000. When viewed on a mass scale like this, abortion becomes a great deal more than a quarrel over the moral issues of isolated cases—more even, perhaps than another lonesome stand by the Judeo-Christian ethic, truncheoning with the yeomen of a pluralistic society. At this level of intensity, it is a social phenomenon of profound significance for every citizen, an ultimate imperative which, whether we like it or not, is forcing us to a moral plebiscite that will determine for the indefinite future the spiritual cast of our people as a nation and as a world force.

What I am discussing is not a state of disease nor some surgical stunt, but the deliberate interruption and destruction of a natural process, an act of rape against the internal environment of man. Supporters of the idea argue that it is necessary in order to avoid the diseases of over-population. The question seems to be whether we shall succumb to over-population with our morals more or less intact, or to spiritual suicide with our population balanced.

Neither the simplistic canticles of English common law, nor the nonsensical cadenzas of American uncommon law are adequate to answer this question. If there was little need in the past to defend what once must have seemed self-evident—namely, that an agent of the principle of life is entitled to life—this is no longer the case. Gradually, the state is removing a line once drawn at the outlet of the womb and is, in effect, at one and the same time, bringing what has been ruled to be outside the compass of the law under the effect of the decisions of the law, while failing to make provision for a right of defence.

Either an unborn infant is a human being or it is not, or there is a reasonable doubt that it may be. Either an unborn infant is beyond the scope of the law and immune from any decision which would affect its natural state of existence or it is under the law and entitled to a defence of that existence. We do that much even for wild animal life.

The United States Supreme Court has ruled that a young man may be exempted from military service by virtue of moral convictions developed as a result of "readings in the fields of history and sociology" and that he need no longer claim status as a conscientious objector solely on the basis of religious training and belief. Particularly in the light of so relaxed a view of military exemption, I question most seriously whether it is just, good or wise, to oblige a citizen to contribute health and welfare taxes which he can think of only as blood money, to pay for birth control practices which he believes to be immoral and for abortions which he believes to be murder, based on his moral convictions or his religious training and beliefs.

Every citizen must ask whether onto the piled-up rubbish of the national merchandise culture are to be strewn the shells of the littered hopes and the broken promises of a false and fallen country.

It has been said often enough to amount to an aphorism that morality cannot be legislated; but there is something out of plumb about a society carrying a motto "In God we trust" in its pocket and portraying that what is legislated is neither moral nor immoral, and that what is not legislated, to that extent, simply does not exist at all. Inherited from an age of right and wrong, the motto is out of place in an era of right and non-right, and it is likely to remain so, barring some upsurge of the spirit which, at this time, is nowhere to be seen.

In the pressures of an expanding population within a shrinking environment are to be found the origins of all the dissonances which are vibrating our membranous society. Man out of tune with his environment is disoriented. Man out of tune with himself is demented. Man out of tune with both has been destroyed. Only an uncorrupted spirit, operating through an inflexible will, fastens us to a little apex between animal and robot. In the entire human epoch, no crisis has made a greater demand upon our will and spirit, and perhaps never have they seemed less able to respond. That is our great sin—that we see, that we suffer, and that we do not act.

What is to be said about the population problem? There is one observable fact. The population is increasing. The rest is hypothesis and speculation. Since we are observing a first-of-its-kind phenomenon, something which has never happened before, who is a population expert? You, I, or our neighbour? In the entire existence of the human race to date, we are still only somewhere on the first curve of one cycle of which no man on earth knows the shape. Nor does any man know that it is not merely the first cycle of many yet to come. It would be outside the range of probability, in a universe otherwise so rigorously governed by laws, that there should be none governing the ebb and flow of human existence. That we have not discovered one testifies to the fact that we are early travellers on the curve. That we should set about changing the shape of the curve is as presumptuous as saying that we should undertake to change the orbit of the earth.

In the present circumstances, the first duty of the scientific community is to observe and record, with

absolute detachment, total objectivity and scrupulous accuracy, what happens next. I submit that it is not its first duty to proclaim a disease of which no one has ever heard, and, without verifying that it exists, rashly to undertake an arbitrary, empirical, radical, artificial and unnatural form of treatment, without, I might add, the consent of the patient or a licence from the granting authority, who happen to be one and the same, to wit, corporate humanity.

I fear that in this matter part of the scientific community and an angonizing proportion of my own profession are forgetting the cardinal principle of treatment, namely, "First do not harm."

In *Reason Awake,* from the Columbia University Press, New York, 1970, that most rational of scientists, Dr. Rene Dubos, writes at length of the need for an informed body of scholars capable of critical evaluation of science and of translating that evaluation into language that society can understand. He writes that "Freedom can be maintained only if citizens understand the intellectual basis of scientific expertise sufficiently well to differentiate between persuasion and manipulation by experts," and that "a society that blindly accepts the decisions of experts is a sick society on its way to death."

In a chapter entitled, "Willed Future", Dr. Dubos writes of the risks and shortcomings of forecasting, which, "for reasons that are not clear, and in any case are not justified by actual performance, now enjoys the dignity of an academic profession." He comments at length on the comparatively undeveloped nature of the behavioural and social sciences, and of the difficulties and dangers inherent in trying to adapt the constitutive principles or the concepts and methods of the natural sciences to the social sciences. He points out the need for the behavioural and social sciences "to go through a phase of slowly accruing a core of concrete facts relevant to the mind and society before they can arrive at meaningful abstract formulations of their problems".

He concludes, "When this stage has been reached they may re-examine their relation to natural sciences and perhaps become partly anchored on physiology, ecology and other biological sciences." How well he says that. It is something that I have believed for many years. He refers to the contrast between the problems of physical sciences, involving usually one or two variables at a time, with those of rudimentary social sciences dealing with the enormously intricate complex of variables of human society.

I would like to cite as a single example that the failure of social scientists to take into account a relatively simple perturbation—that some citizens believe that many of these babies ought to be baptized—could result in serious and lasting social divisions, a consequence which no alert and loyal citizen, consciously or subconsciously, would ever desire. A social force, or any system of bureaucracy, which can, with reckless insensitivity ride roughshod over this consideration, merits the searching attention of every sober-minded citizen.

Members of a played-out demi-culture endlessly repeating our last lines, we are missing an opportunity to realize an undreamed-of renaissance. We are dying "inch by inch in play at little games." We are missing the ultimate question on earth of our era—how to expand our environment.

Given the spirit and the will, we are capable of unimagined prodigies. Given the imagination and creative thinking, one could doubt that we have enough workers to accomplish what we are capable of achieving. We can bring about a massive re-ordering of our priorities. With co-ordinated high-level planning and a systems approach we can recreate and recycle our industries, our commerce and our transportation. We can make earth, we can make forests and streams, we can even make one environment above another, if we have to. Through austerities, economies and sacrifices we can develop a natural population in harmony with a natural environment and feel joy again, in an act of gratitude to our past and of generosity to our future. Sooner that we should die trying than that we should try dying.

Like population control in general, abortion is a slovenly short-order, a retreat from thesis to antithesis, an assertion that it is for the good of mankind to stop up the wellspring of mankind. But an abortion is never commonplace. The world holds no heartbreak like the death of innocence. Whenever and wherever it occurs, we all suffer another loss from the little that sustains and holds us together. Not alone because I believe it is murder do I oppose abortion. Not alone because it is a frustration of nature, because it is a degradation of humanity, because it violates that innate respect for life of my profession do I oppose abortion. I oppose abortion also because I believe that in the sophisticated barbarism of a nation destroying its offspring can be sensed the stirrings of despair in a people who are lost and disoriented in a disputative, speculative, innovative wilderness. I oppose abortion because it is fullness emptied, innocence defiled, song unfinished, beauty discarded, dream cloven, hope unsprung. It is the deer, hanged by the neck beside the house of man. It is the razor against the throat of the dove at the window.

I pay homage to those thousands of innocent souls, so rudely deflected from an earth which they shall never inherit. Not for nothing, once before, did a great Church number first among its saints other slaughtered innocents, unreasoning and unblessed, who died for a God whose name they had never heard. Flowers of martyrs, it called them. It may yet be that we are going to have a second spring of new flowers of martyrs, terribly to awaken us before there can be only madness and blackness.

Norman St. John-Stevas, Member of Parliament in the United Kingdom, writing in *The Dublin Review* 1967-68 states as follows:

> Whatever view one takes of changes in the law the Catholic Church in (Canada), England and the United States by upholding the rights of the unborn child to life is undoutedly a civilizing influence, although too often she is credited merely with being obscurantist. Yet by insisting that the problem be considered seriously as a moral problem and not

> superficially as one of techniques she is arousing a conscientious response in others, as the writings of Professor Paul Ramsey and other Protestant theologians bear witness. In an age which is placing through technology unprecedented powers in the hands of man her proclamations of truths about man's nature is not less necessary and relevant but more so. Man may know more but has never been in greater danger of being dehumanized. In the long run only the Christian doctrine of man can effectively moderate the tyranny of scientific techniques. If the concept that man is not absolute master of his fate, but holds his life and body on trust for other purposes, places limits on man's independence by stressing that he is the user not the proprietor of life, it also preserves his humanity by erecting barriers beyond which technology cannot pass. The debt of the United States, which above all other countries is confronted by the technological temptation and by culture, history and temperament, is the most likely to fall, the debt to the Catholic Church today is greater than she knows.

Malcolm Muggeridge has just written a new book titled *Something Beautiful for God*. I would also like to quote a passage from that latest publication of his, and it is as follows:

> What, I wonder, will posterity—assuming they are at all interested in us and our doings—make of a generation of men, who, having developed technological skills capable of producing virtually unlimited quantities of whatever they might need or desire, as well as enabling them to explore and perhaps colonize the universe, were possessed by a panic fear that soon there would not be enough food for them to eat or room for them to live? It will seem, surely, one of the most derisory, ignominious and despicable attitudes ever to be entertained in the whole of human history; though containing its own corrective. In seeking to avert an imagined calamity, the promoters and practitioners of birth-control automatically abolish themselves, leaving the future to the procreative. An interesting case of self-genocide.

And I might add to hear in the cry of every abandoned child, even in the tiny squeak of the discarded fetus, the cry of the Bethlehem child.

Honourable senators, before concluding, I should like to put on the record a letter published in the Toronto *Telegram* and the *Globe and Mail* on October 7, 1971, by my colleagues at St. Michael's College in the University of Toronto. I consider it very important. It reads:

> Stephen Lewis has made abortion legislation an issue in the Ontario Provincial election by pledging that the NDP, if elected, will ask the Federal Government to "take abortion out of the Criminal Code."
>
> He has promised to back up this request, if it not granted, by challenging Federal Jurisdiction over abortion through court action.
>
> The only reason he gives for this stand is the proposition that "a woman has the right to control her own body."
>
> The NDP position is surprisingly extreme, and the reason offered in its defence surprisingly weak. Lewis has gone out of his way to make the matter a provincial issue.
>
> He promises to work aggressively to terminate all regulation of abortion by the Criminal Code.
>
> In offering his reason he overlooks the fact that no one has an unqualified right to control his or her own body. Most important, he ignores the fact that what is involved here is not just the body of the mother, but also that of her child.
>
> We the undersigned members of the academic staff of St. Michael's College in the University of Toronto, are strongly opposed to the stand taken by the NDP on this important issue.

It is signed by 50 members of the staff.

This editorial appeared on the front page of the *Canadian Catholic Register* of October 9, 1971:

> Several times in recent weeks, students from Catholic high schools in Ontario have staged demonstrations at political rallies where Premier William Davis had been the main guest.
>
> They shouldn't have. The suggestion of religious confrontation has no place in the touchy issue of separate school completion. Such demonstrations turn off Catholics and non-Catholics alike.
>
> Premier Davis opposes completion, but he has done so as a gentleman, which he is. He should be so treated.
>
> Cool it, kids.

I would like to add the comment that my young Catholic friends in the schools of Ontario would be doing a much greater service for humanity, for their country, for their religion, by carrying their placards in front of every NDP candidate.

Finally, it is late and the din rises. In the gathering darkness of a bemused evening, one barely hears the faint echo "freedom" come back from the surrounding hills—dark hills, where a stealthy bear watches and silently waits. For he sees what we do not yet know—that, in our absence, housebreakers are robbing us of everything that we own, of virtue, honour, integrity, trust, innocence, truth, beauty, justice and liberty.

Thank you, honourable senators, for your patience in listening to me.

On motion of Hon. Mr. McDonald, debate adjourned.

BUSINESS OF THE SENATE

Hon. Mr. McDonald: Honourable senators, may I suggest that Orders 1 to 6, inclusive, stand.

Hon. Mr. Flynn: Even No. 2?

Hon. Mr. McDonald: Yes, even No. 2.

Hon. Mr. Flynn: Not again!

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 13, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

EMPLOYMENT SUPPORT BILL

CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the house has agreed to the amendments made by the Senate to Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, without amendment.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Copies of draft resolution, dated September 25, 1971, proposed to the United Nations General Assembly by Albania and certain other nations with respect to the seating of the People's Republic of China in the Assembly and the Security Council.

Copies of communiqué, dated October 8, 1971, issued by the Department of External Affairs, respecting the "Modalities according to which the Government of Quebec is admitted as a participating Government to the institutions, activities and programs of the Agency for Cultural and Technical Co-operation, as agreed on October 1, 1971 between the Government of Canada and the Government of Quebec".

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. A. Hamilton McDonald moved, with leave of the Senate and notwithstanding Rule 45(1)(a):

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and tomorrow, Thursday, October 14, 1971, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

CONFERENCE AT KUALA LUMPUR, MALAYSIA—DEBATE ADJOURNED

Hon. Allister Grosart rose pursuant to notice:

That he will call the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association, held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.

He said: Honourable senators, I do not intend to make a report today. It is my intention to present to the Senate, in due course, with the indulgence of honourable senators, a written report which I trust will have the concurrence of all members of the Canadian delegation.

At that time I shall again ask the indulgence of honourable senators to make a few comments of my own on that report. I am suggesting this in the hope that it might become a pattern for the future. In making these reports there are necessary details which it probably is important to have recorded but which, on the other hand, may not be of immediate interest to honourable senators. I am referring, of course, to what is sometimes called the travelogue type of report, which in many circumstances is necessary but which might, if honourable senators are agreed, not be read but simply attached to our proceedings for the day.

In the meantime, I know that Senator Cameron, who made a very distinguished contribution on behalf of Canada and the Senate in the meetings at Kuala Lumpur, is ready to make some comments, and, with the agreement of the Senate, I am happy to yield to him on this occasion.

Hon. Donald Cameron: Honourable senators, I find myself in the position of not being as well prepared today as I should like to be owing to the fact that it had been my understanding that Senator Grosart was going to make his report first. However, although he has turned the tables on me, I will do my best in the hope that it will not be too arduous for you to put up with me.

First of all, I should like to express my appreciation to the Federal Branch of the Commonwealth Parliamentary Association and to the Leader of the Government in the Senate and to the Prime Minister for having given me the opportunity to make this intensely interesting and valuable trip as one of Canada's representatives.

I should like to say that Senator Grosart, as present Chairman of the Federal Branch of the Commonwealth Parliamentary Association, was a very busy man, because as a member of the General Council he had to attend many more meetings than the rest of us. With his typical Irish intransigence he found himself from time to time at odds with certain members of the delegation from the United Kingdom. I hasten to add that I, too, found myself lining up with him in like manner. It made for a lively discussion, and I think that out of this refusal to rubber stamp some of the decisions that have been made in the past by a relatively small group of the Commonwealth Parliamentary Association, Canada has probably played

an important role. Senator Grosart deserves much of that credit for the part he played in it.

The Canadian delegation was a strong one. There were seven members from the federal Parliament, and eight of the ten provinces were represented. The only provinces not represented were Alberta, which unfortunately was involved in an election campaign at the time, and Newfoundland, which is unpredictable at the best of times. The Canadian delegation was ably led by the Honourable George McIlraith who has had a great deal of experience of meetings of this kind and who was a long-time member of the cabinet.

On the delegation from the House of Commons were the Honourable T. C. Douglas, Jimmy Walker, Joe Guay from St. Boniface, Romuald Rodrigue from Quebec, and Robert Coates from Nova Scotia. Senator Grosart and I represented the Senate.

The conference was held in Malaysia, thank goodness. It had originally been scheduled to be held in Pakistan and I personally was glad it was not held there.

This is the second time such a conference was held in Malaysia which is not only a beautiful but a gracious country and is well equipped to handle conferences of this kind. Their hotel and transportation facilities are good and there is a graciousness and hospitality about the Malays that leaves little to be desired. The first conference was held there in 1963 and I had the privilege to be the leader of the Canadian delegation at that time. It was a great pleasure to be able to go back to Malaysia and see the tremendous progress that has been made in the intervening years. Malaysia is a developing country which has made tremendous progress in building and developing its economy and getting it all on a sound basis. It is a country with which Canada has had important relations in the past, and these are growing closer day by day.

As I have said, the Malays were gracious hosts and they did everything in their power to look after the comfort, pleasure and convenience of the delegates, and particularly of those delegates whose wives were accompanying them. Having attended many international conferences I can say that at no conference in my experience have the wives been as well or as graciously looked after as they were in Malaysia. There were 225 official delegates to the conference, or 244 when the wives were counted. These delegates represented 69 legislatures and parliaments from 29 countries; 75 per cent of the delegations were black, brown, yellow or a mixture of all three. They came from large countries such as Canada and India and from small countries, such as Tonga and Samoa. But regardless of colour, race or creed, they had certain basic things in common. The first was the English language; secondly, the English tradition of law; thirdly, the British tradition of freedom. While I am sometimes critical of the performance of United Kingdom delegations at conferences of this kind, I must say that I do not think they sell their story as well as they might. I say that, honourable senators, because if you look around a conference of that kind you realize that the delegates represent something over 700 million people, one of the greatest associations of people in the world, cutting across race, creed, religion and colour, united by a common language, a common system of law and a common respect for freedom. This is a very great tradition indeed and one of which the British do not make as much of as they could. Possibly this is the result of traditional British understatement, but I think in these days when they are so frequently criticized they could have made more of it.

This is a great voluntary association of peoples, and in my judgment is one of the great positive factors for peace and understanding today, at a time when we have altogether too much friction, misunderstanding and discord.

We had a heavy agenda. It was necessary to divide the program of topics into sections. It was not possible for any delegate to attend all the meetings, because he could not be at two meetings at one time. The delegates had to attend those they were assigned to. The topics that made up the conference agenda were extremely varied and important. They were divided into four sections, as follows:

1. The Commonwealth and Problems of World Security
   (*a*) South East Asia and the Indian Ocean; Security and Neutrality
   (*b*) Impact on the Commonwealth of recent events in Southern Africa and the rest of Africa
   (*c*) West Asia (the Middle East) and the Mediterranean
2. Challenges to Parliamentary Democracy
   (*a*) Military coups and revolutionary movements
   (*b*) The freedom of the individual human rights and the authority of government in a parliamentary democracy
   (*c*) Relationship between Parliament, Ministers and Civil Servants
   (*d*) Strengthening the parliamentary system in developing countries
3. Economic Development
   (*a*) Britain and the EEC
   (*b*) Problems of countries of the Commonwealth affected by Britain's entry into the EEC
   (*c*) Terms of trade between developed and developing countries
   (*d*) Commonwealth self-help; Aid and capital flow
   (*e*) Promotion of tourism in the Commonwealth
4. Problems of the Environment
   (*a*) Pollution and control
   (*b*) Preservation of endangered wildlife
   (*c*) Population growth
   (*d*) Urbanization.

I think the Canadian delegation gave a fairly good account of itself. It was my good fortune, or perhaps misfortune, to be the second speaker in the program. The program was opened by the Honourable Tun Dr Ismail,

Deputy Prime Minister of Malaysia. I was asked if I would speak second on the topic of Southeast Asia and the Indian Ocean. If there is any topic I have a greater ignorance of than that one I have yet to find it. I can only think that the reason I was selected to speak second on this subject was because I had made some critical remarks in this house last winter about the decision of the British Government to go ahead and carry out the terms of the Simonstown Agreement, which is the arrangement under which Britain undertook to supply a small number of naval craft, aircraft and equipment of that kind to South Africa. This decision greatly irritated African countries at the time, and it is still irritating them, because they say they do not accept the explanation given by the United Kingdom delegation of why it was necessary to implement the Simonstown Agreement.

I must confess that I am still not convinced that the explanation they gave was the right one, that it was necessary to protect the trade lines of communication round the Cape. Protect them against whom? Certainly not against the African countries, because they could not do much about it. Obviously the action was against the gradual expansion of Russian influence in the Indian Ocean. It is interesting to note that last year 130 Russian ships called at Capetown, which is not a great many in a year. At Singapore, 430 ships called, and Singapore on the Malacca Straits is probably the throat of one of the greatest bottlenecks or arteries of transportation in the world today. It is one of the most strategic areas in the world. All the oil flow to Japan goes through that strait; Japanese goods coming to America go through there. In short, Singapore and the Straits of Malacca are one of the busiest waterways in the world today and one of the most strategic.

To say that the small handful of aircraft and ships that were committed under the Simonstown Agreement could deter the Russians does not make sense, in either logic or reason. Therefore, it is something more than that. Some say it is a psychological commitment, that it will have an effect. Others say it is a sort of declaration of the continuing presence of the British in that area. I made a speech along these lines, which was very popular among the Africans in particular, but not popular among some of the United Kingdom people who spent some of their time attacking me. Fortunately, some of my Canadian colleagues spoke in similar vein, particularly the Honourable Gerald Regan, Premier of Nova Scotia, who was one of our delegates, and a number of others. Thus, I was not alone. It was a very interesting session.

I want to emphasize that we are at a stage in the history of the world's development when tremendous changes are taking place and we can sense the beginnings of a shift of power. I shall say more about that later. With the withdrawal of the British from east of Suez there has developed a sort of power vacuum, and other countries are moving into that vacuum. Of course, other countries have been moving in for a long time, for as long as a hundred years. It started with the British going into China at the time of the opium war between 1842 and 1848. Then there was the American declaration of the Monroe Doctrine when they took over the islands of the Philippines, Hawaii and Samoa, and they have been extending their influence ever since. The emergence of Japan since the last war as one of the great powers and trading nations of the world is a third factor. A fourth factor which is giving so much concern is the gradual insertion of Russian power and Russian trade into the Indian Ocean.

Hon. Mr. Walker: Is that not a very real threat?

Hon. Mr. Cameron: Yes, it is real, but the reasons may vary and you have to take your choice. The reasons are giving concern to a number of countries. India is concerned. China is concerned, because at the moment there are 900,000 troops facing each other along the southern border between China and Russia. China is concerned because she thinks the Russians are going around to get at the soft under-belly of China. There are tensions developing there which may give some considerable concern in time to come.

I want to emphasize one of the great advantages of a conference of this kind. Regardless of how important may be the topics that are on the program, at best one can only deal with them in a superficial manner. For example, in a delegation such as the Canadian delegation—a delegation of seventeen or eighteen people—one person may be assigned eight or ten minutes as his share of the time. We all know how much one can cover in eight or ten minutes. In other words, one is left with a feeling of having made an inadequate contribution. Even when a delegation organizes its presentation, as ours did, so that there was an avoidance of duplication, one still had the feeling that the subject was not being covered adequately.

I think this applied to most topics. It was certainly the feeling of most of the delegations. For this reason, it is all the more important that the delegates have an opportunity to exchange ideas, to get to know each other, in a personal and informal way, on the trips, in their hotels, and over luncheons and dinners.

I do not intend to get into a travelogue, such as Senator Grosart has mentioned. Anyone can do that. I wish to deal with the implications of what went on, the face to face discussions and the confrontations between peoples. Those discussions were greatly facilitated by the fact that we had an opportunity to stay in one hotel, to travel together in buses and cars, and to meet in the beautiful parliament buildings of Malaysia. I want to emphasize that these informal exchanges are just as valuable as the formal sessions, and sometimes more so.

Of the topics that received most attention, those of the security of the Indian Ocean, Southeast Asia and the Indian Ocean, would be the first; secondly, the impact on the Commonwealth of recent events in southern Africa and the rest of Africa. Undoubtedly, the emergent nations in Africa are very critical of the British decision to implement the Simonstown Agreement, because they are afraid, if and when it can be implemented, the British and others will go much further in supplying arms to Africa, and the African peoples are afraid that these arms will some day be used against them.

In defence of the British, I would say that when, in 1963 or 1964, they did stop the sale of arms to Africa, our French friends moved in. All that happened, as far as Britain was concerned, was that they lost the sale and the French took it on, and still retain it.

Military coups and revolutionary movements in Africa are the concern of everyone. We mislead ourselves if we think we can impose a democratic system on some of these developing countries. Honourable senators know the degree of efficiency that we have reached in Canada and the United Kingdom, in the application of the democratic principle. Consider, then, how much more difficult it is to make democracy work in a country where there is a high degree of illiteracy, where people are not familiar with the system, and where it is necessary to get action on the immediate problems of developing nationhood, developing trade, developing industry, and so on. Therefore, it is not at all surprising that dictators move in, and that many countries in Africa are governed by military dictators of one kind or another today. This cannot make us happy, but we have to face realities.

I would be less than frank if I did not say it gives me some concern that the next parliamentary conference will be held in Malawi. To say that country is a democracy is, to say the least, stretching it a long way. Some of those most critical of the conference being held in Malawi were the Tanzanians—and I do not think our friends in Tanzania can throw any stones, either. Therefore, we find a situation in which there is a mixture of dictatorships and semi-dictatorships among these emerging nations. We must pay some attention to this point.

The next topic was the role of Britain and the European Economic Community. Developing countries in particular were greatly concerned about the impact of Britain's entry into the EEC. Of course, Canada is concerned about this also. Undoubtedly it will hurt Canada to some extent, but it will hurt the developing countries much more. One of the countries which will be hurt in particular by Britain's entry is New Zealand. It is not a developing country in the same sense as the others, but New Zealand will be hurt. I must say the New Zealand delegation took a statesmanlike stand. Senator Grosart will agree, I think, that they took a very constructive position; they realized their country would be hurt, but they felt that in the long run it was inevitable that Britain would become part of the European Economic Community.

Honourable senators, it is to the smaller countries that this is a real problem. They are trying to get on their feet and to establish industry, and are doing this under great difficulties. They are afraid that Britain's entry into the EEC will mean they will lose British preference—and they will, in some cases—and they are asking whether this will condemn developing countries to become mere suppliers of raw materials to the developed countries, and purchasers of manufactured goods from the developed countries. They say, time and time again, that in spite of the huge amount of aid they receive, the gap between the developing and the developed countries is becoming wider as time goes on.

Therefore, there is a great deal of uneasiness in these small countries about the impact of Britain's entry into the EEC.

Honourable senators, another concern is the terms of trade between the developed and the developing countries. One can scarcely call India a developing country; it is one of the emerging great powers today, and I hope to say more about it later on. The Indians today say they have grave reservations about the benefit to them of foreign aid. Other peoples are saying the same thing. They say that 75 or 80 per cent of the aid money is spent in the country which is giving the aid. It is spent there for manufactured goods, made in that country, whether it be the United States, the United Kingdom or somewhere else. They say that the technical help of experts comes from the United States, the United Kingdom, and other wealthy countries, and that the payments for this go back to those countries. In this way, they claim, the amount which the developing countries get out of foreign aid is relatively small. The Indians, in particular, are wondering whether it is worth it. They feel that they are not getting as much out of aid as the dollar value would seem to suggest, and they are complaining about the terms of the tied aid. I will say something about that also later.

The promotion of tourism is looked upon as one of the great areas of possibility in all these countries. If we can get our airlines to cut their fares in half—and I feel they will be forced to do this—they will fill the jumbo-jets that are flying half-empty, not to mention the DC-8s. Malaysia can be one of the most attractive tourist countries of the world. Not only does it have a fascinating historical background, but its hotels and convention facilities are first-class. It is a beautiful country, and its rates are about half those of this country so far as hotel accommodation and meals are concerned. One of the main factors in building up their economy would be a reduction in the cost of transportation.

I shall now say a few words with respect to problems of the environment, pollution and control, preservation of endangered wildlife, population growth, and urbanization. Senator Grosart made an eloquent plea at the conference for the preservation of endangered wildlife. It was an excellent presentation. Mr. Joe Guay from St. Boniface also made a good presentation on the problems of urban development today. He was in an excellent position to do so, because he was mayor of St. Boniface for a long time, and thus spoke from first-hand knowledge.

I also was assigned to a particular topic. It became my lot to deal in part with water control. But how much can you contribute in ten minutes? I did some homework on the subject. It is a topic we will be discussing in this chamber frequently since it presents one of the most important problems that will face us in the years to come.

In the course of my studies I attempted to arrive at the costs we must face if we are to do anything realistic and practical in coping with the problem of pollution. The best estimate I was able to come up with, by a rough rule

of thumb, is that somewhere between 2 per cent and 4 per cent of the gross national product will be required annually, not to control pollution but to hold the line. Let me take the lower figure. That means that the cost to the ten most developed nations would be in the range of sixty billion dollars a year. This is the cost we will have to face if we are to make any reasonable attempt to preserve the environment today, and it gives some idea of how important this matter is, and how carefully we must look at it in the future.

That is by way of general discussion. For the next few minutes I should like to discuss generally what, in my judgment, is one of the most important values that can come out of a conference of this kind. I am referring to the opportunity the conference provides for a delegate not only to meet the people in the host country and to get to know their government officials and the people themselves, but also to see the other countries either going to or coming from the conference.

On this occasion, when I discovered it cost only $25 more to buy a ticket to go round the world than to go from Ottawa to Malaysia and back—well, you know what a Scotsman would do!

We went from Vancouver to Japan. Japan is a fascinating country to visit at any time. I have been there on half a dozen occasions. It is more exciting each time, and it was particularly exciting on this occasion owing to the impact of what the Japanese call the "Nixon bombshell", the implications of which had just begun to percolate.

I was in the fortunate position of having former students of mine strategically placed in many of the main industries in Japan, Hong Kong, Singapore, and London. That is one of the collateral advantages which come from spending 40 years in the field of university education. Each time I visit these places I speak to these businessmen and thus I am not only able to get the official line, which sometimes has to be couched in vague generalities for diplomatic purposes, but to get the direct reaction of the businessmen.

One day I sat round the table with seven men who were graduates of our business school. These men ranged from the managerial level to the vice-presidential level in such companies as Mitsubishi, and so on. I have not met an abler group of men anywhere. Knowing them on a friendly and personal basis, I was able to get their reaction, and that of others as well.

I must say that the announcement on August 15 of the new economic policy of the United States hung like a pall over the whole area of Asia. It hung over the conference as well. I shall try to give you the Japanese reaction. The United States was demanding that Japan revalue the yen by 15 per cent, and permit the United States to establish plants in Japan in order to take advantage of the low-cost productivity and cheaper labour there. The Japanese reaction to that is that they will do neither. They may be forced to, but they do not think so. The reason is that Japan is a tremendous trading nation and represents one of the economic miracles of our time.

It is interesting to compare the impact on Japan to the impact on Canada of that economic policy. You can see the difference in part when I tell you that 60 per cent of our exports go to the United States, 25 per cent of which is affected by the surcharge and the other things that go with it, whereas Japan's exports to the U.S.A. comprise 10 per cent of her gross national product, with only 2 per cent of that being affected by the surcharge and the related tariff barriers. So, by no means is the surcharge as important to Japan as it is to Canada. Nevertheless, it is important because that 2 per cent represents a huge dollar volume, but the Japanese are saying at the present time that they will not accept what they call the dictates of the United States.

This has far-ranging implications which I will not go into at the present time, other than to say that the Japanese are being diplomatically correct in dealing with the United States, but are very much annoyed.

As an alternative, the Japanese say that they are shifting their trading patterns; this, too, has implications for Canada. But the immediate impact is along certain lines. First of all, it was inevitable that Japan would go into China. The mainland Chinese market of 800 million people is a natural market for a great trading nation like Japan, and they were bound to go into it eventually. But the Nixon policy has speeded up that development by at least ten years, if not more. Thus, the Japanese are going into Hong Kong. They are buying factories, plants, and land there. They are going into Singapore, and doing the same thing. They are paying almost twice what the Chinese would pay for the same things. They are using these plants as stepping stones or launching pads for getting into China, because there is a tremendous trade today between Hong Kong and Singapore and mainland China. There is this immediate shift that the Japanese are making. They had 2,000 men at the Canton Trade Fair in China last month—almost more than all the other countries put together. So, the resourceful, aggressive, dynamic Japanese are saying, "We will not accept the dictates of the United States unless we are forced to, and we do not think we will be." But Japan is following a determined and logical long-range plan to shift its trading patterns, which includes a determination to play a bigger role in Canada.

I think honourable senators are familiar with the fact that by 1976 Japan will have contracts for something like three billion dollars worth of goods, services, and investments in plants in Alberta, British Columbia, and Ontario. That is a tremendous investment. Most of that is in coal—15 million tons of coal—but they are negotiating now on the possibility of a nuclear plant for enriched uranium, and other things of that nature.

What is true of the Japanese I found also in Hong Kong when I talked to the delegates from there. Again, I was able to get some of this information from my former students who are now senior businessmen in Hong Kong. The same thing applies in Singapore.

I referred earlier to the concern of the developing countries about the various aid programs, and said they were worried about the new economic policy of the

United States, and the threat, as they see it, of being condemned to supplying raw materials and consuming manufactured goods for the rest of time. They do not want that. They see themselves as being kept in a minor position vis-à-vis the developed nations and they see no way of getting out of that position. In spite of the various aid plans, such as the Colombo Plan and others, the developing countries emphasize that the gap between the have and the have-not nations is growing wider year by year. They also point out that much of the United States and other aid is so restricted by the "buy American" policy or similar policies that most of it goes to United States exporters or to United States technical experts on loan to developing countries.

You may have read that since the Nixon announcement on August 15, the Mills Committee on Ways and Means in the United States Congress has been meeting, and has confirmed that only United States goods are eligible for the recently announced 7 per cent tax credit on capital goods. As *Time*, in its issue of October 4 last, says:

> That is one part of Nixon's program that foreigners especially resent, since it raises a barrier against their products above and beyond those already imposed by currency revaluations and the import surtax. Unless Congress changes this petty "buy American" rule, it could further help ignite retaliatory fires abroad.

There is no question about this. All countries are concerned about it, and are worried about how to cope with it. I do not think any country wishes to engage in retaliatory action at the present time, but unless some solution can be found in the immediate future they may have no other recourse. We may then find ourselves on the slippery slope sliding into a repetition of the situation in the 1930s, and heaven forbid that that should happen again.

Such is a cursory and superficial review of the attitudes of the Commonwealth countries to the policy of the United States. In short, there is a deep resentment against the policy on the part of many countries, and many of them cannot understand why Canada, the good neighbour of the United States, should be the country hurt most of all.

From the positive point of view, let me say that as distasteful as the American program might be, it will have served a useful and constructive purpose if it forces the world community of nations to evolve a new stable and equitable system of foreign exchange not based on gold. Again, this could be something far removed from the Commonwealth Conference, but it concerned every delegate there because it hit them with tremendous impact. It was inevitable that the trading nations should get into trouble as long as they depended on a fixed rate of exchange based on gold. There seems to be a general concensus that a new international medium of exchange must be found, and very quickly. At the moment the thinking seems to be in favour of using SDRs, or Special Drawing Rights, and to work out a program of exchange ratios in relation to the SDR unit which will provide for greater flexibility, and help to avoid some of the panic actions that result under the present system.

[Hon. Mr. Cameron.]

In the meantime the longer the United States surcharge remains in effect, the greater the danger that affected nations will be forced to take retaliatory action. If such a program of retaliation and self-defence starts, we could find ourselves, as I have said, sliding involuntarily into a repetition of the 1930s, and this would be a major calamity for all mankind.

The problem is so serious that this is a time when all nations must take a larger view in the interests of the common good, and no nation will benefit more from such action than the United States.

In the closing section of this address I should like to dwell on some of the long-range changes in the world power structure which are taking place, particularly in Asia. These are changes in the power structure which has obtained for the last 100 years, and they may take 10, 25 or 50 years to come to fulfilment, but they are changes that will have a fundamental impact on the western world. The sooner we understand this the better.

It has been said by historians that the 21st century will belong to Asia, and I do not think there is a shadow of doubt that this will be so. But few people in the western world realize it yet. The sooner they do the better it will be for them, and for all of us. There is a book which has been drawn to my attention by our embassy staff in Delhi, and which is required reading for all staffs of the Department of External Affairs and trade commissioners today. It is by an Indian author and editor, Patwant Singh, and is entitled *The Struggle for Power in Asia.* It is a book which I recommend to you. It is not lengthy. It represents not only the new thinking in India today, which is important to all of us, but also the beginning of a revolution and a feeling of Asian-ness which has not existed before. In a section of the book which is headed "The United States from George Washington and The Munroe Doctrine to Vietnam and Nixon", Patwant Singh says:

> No nation, no matter how lofty its ideals and how genuine its desire to abide by them, can base its foreign policy on considerations other than the national interest. It has become modish to interpret measures aimed at securing the national interest as crusades waged in defense of freedom and democracy. The reality is somewhat different.

From George Washington's farewell address in 1796 through the Munroe Doctrine to Dulles' alleged justification for intervention in Vietnam, to Nixon's new economic policy, we see the convenience of using the "national interest" as an excuse for doing many things.

The intervention in Vietnam was to save that country's "democratic government", and to save Asia and the world from communism. Time will not permit my going into detail on the justifications or rationalizations that have been used in the last 100 years to justify American policies in pursuit of the national interest, but suffice it to say that two current actions in the pursuit of the national interest will have far-reaching and long-range effects at this particular point in time, and they are (1) the invasion of Vietnam and the resulting defeat in Indo-China, and (2) the Nixon economic policy.

The fact that a small, poor country like North Vietnam could stall the most modern war machine the world has ever seen has given a new confidence to the small nations in the developing countries, not only in Indo-China but in Africa and South America as well. That is where the impact is coming. These people say, "If these poor peasants of Indo-China can do what they have done, we can do the same." I get this reaction from Africans, and from people in South America. Since 1961, the United States has spent $344 billion in Indo-China, and in the course of that struggle thousands of acres have been destroyed. They do not know for how long. This has left a legacy of hatred that will remain all over Asia for many years to come.

This is the American policy in pursuit of the alleged national interest, and it has been to support the military dictators in Indo-China and other places. The native peoples not only in Asia but in Africa as well are pointing out—and I emphasize this—that these actions are in direct contradiction of the supposed original objectives of going into Indo-China. As a result, American policy and American prestige have suffered, but this has repercussions for all of us in the western world.

A basic fact that must be kept in mind when assessing the changing orientation in Asia today is that the Nixon bombshell is interpreted by the Japanese, the Chinese and many Indians as another attempt to force American self-interest on the rest of the world. They said this about the British before that. To understand what is happening in Asia today we must go back into history and sketch in the roles the great powers have played there in the twentieth century—by this I mean a cursory assessment of the roles of Great Britain, the United States, Japan, the USSR, China and India.

Patwant Singh, in *The Struggle for Power in Asia,* says:

> The fury and ferment in Asia today are part of a struggle for identity, dignity and true political and economic independence on the one hand, and for markets and ideological strongholds on the other. In the struggle to achieve their objectives the more powerful nations have assembled fearful instruments of power and destruction in Asia, and scarred the continent with violence and subversion.

Close to one million Chinese and Russian troops are massed along the Sino-Soviet borders, while half a million Americans have been fighting an undeclared war in Indo-China. He goes on:

> Near Sinkiang's Takla Makan Desert, China is testing increasingly sophisticated nuclear devices—clear proof that an Asian super power is in the making. Japan, whose GNP ranks next only to the United States and Russia, is emerging as a strong, solvent and unpredictable Asian Power.

Singh also says:

> From the Himalaya ranges to the swamps of Southeast Asia, from the oceans which rim Asia to the islands on which millions of Asians live, from the backwoods to the great and restless cities of this region, an explosion of expectations, ideas, and aspirations is taking place. This explosion is producing results, which, while admittedly uneven, are indicative of the momentum Asia's economic and political programmes are beginning to gather.

Over the last 50 years western influence, which was largely confined to commercial exploitation by a number of rival interests, national and otherwise, continued, with the passage of time, to wrench even further apart the disjointed and artifical units it had established for its own purposes. More recently, the clashing post-war economic and security interests of the super powers have brought much of the present violence and turmoil to Asia.

China closed her doors to the world to give herself a chance to achieve political, social, and economic development in an environment free of the disruptive influence of outside powers. But it is the other Asian countries, either because they were disinclined or unable to pull their shutters down, which have become the setting for the conflicting interests of the super powers. Esoteric explanations by political and social scientists aside, it is the "cold war"—a misnomer in so far as Asia is concerned—which has brought bloody conflict to Asia in the years since the Second World War. An awareness of all this, and the resentments which flow from it, are generating an Asian mood, a sense of "Asia-ness" which, though not a very tangible force at present, will become, in direct proportion to the extent which western powers ignore it, an implacable new element in Asia.

It is important that the western world take note of this mood of Asian nationalism, with all its implications, before assessing the probable course of events in Asia during the seventies and later. It is important for the western world to realize that the present East-West relationship is very shaky at the start of the seventies. Not only is there a growing resentment in Asia at the bombing, burning, and destruction which is carried on in the name of freedom and peace, but there is a reaction setting in to the conditions on which aid is given, trade conducted, and political influence exerted. No assessment of the future course of events in Asia can ignore the implications of this mood.

I will not go into this any further. It may sound as if it is a peripheral subject. It is a peripheral subject only in the sense that this represents the emergence of a new spirit in Asia that has tremendous implications and significance for us. The sooner we realize what is happening as a result of this new confidence and this new emergence, the better it will be for all of us.

The Indians, for example, are extremely impressed with what the Russians, the Chinese, and the Japanese have done. They see that 50 years ago Russia was devastated by civil war, her factories destroyed and the country in ruins; yet now they see she has become one of the super powers, without any outside help. The Indians observe that in 1949 China was in similar situation—devastated by civil war, the country destroyed and bankrupt. Today, 20 years later, China is on the verge of

becoming another super power. They point out that in 1945 Japan was devastated, and she has risen, Phoenix-like out of the ashes of the destruction, to be one of the great industrial powers of today. India is therefore saying to herself, "We have a huge land mass. We have 550 million people. What the Russians, the Chinese and Japanese have done, we can do too." This is the message that is beginning to come through from Asia today, a message which we Canadians particularly, who have such strategic and commercial interests and potential in the Far East, must keep in mind.

On motion of Hon. Mr. Grosart, debate adjourned.

PAROLE SYSTEM

PROPOSED STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, October 7, the adjourned debate on the motion of Hon. Mr. Laird that the Standing Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

Hon. John M. Macdonald: Honourable senators, the motion by Senator Laird is that the Standing Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. When speaking to his motion, the honourable senator mentioned that many Canadians say our parole system in Canada is too lenient, and that many crimes would never have been committed had the criminals concerned not been released on parole. Senator Laird gave no specific examples, and did not show by statistics that such a belief has any basis in fact. However, he is of the opinion it is time to learn whether the criticism he mentioned is justified, and to find out if the present parole system does or does not work.

From the other speeches which have been given, it has been shown that while the parole system has an impressive record of success, there is a tendency by the public to blame the system for the rising crime rate. As has been pointed out, the proposed examination would serve a very useful purpose, by giving the public much information about the system and about how it works, including the type of supervision and assistance given to a person on parole, and by whom.

Honourable senators,, the word "parole" is defined in the Parole Act to mean the authority granted under the act to an inmate to be at large during his term of imprisonment. The definition used in the Report of the Canadian Committee on Correction is much more descriptive. It says "parole" is a procedure whereby an inmate of a prison who is considered suitable may be released at a time considered appropriate by a parole board, before the expiration of his sentence, so he may serve the balance of his sentence at large in society, but subject to stated conditions, under supervision, and subject to return to prison if he fails to comply with the conditions governing his release.

[Hon. Mr. Cameron.]

In a pamphlet entitled "Parole in Canada", issued a few years ago under the authority of the then Solicitor General, we find this statement:

> The dual purpose of parole is the reformation and rehabilitation of the inmate and the protection of society. Offenders who have made good use of their time in custody and who have shown a desire to lead a law-abiding life in the future are given the opportunity of living in the community under supervision.

The National Parole Board has wide authority. For example, section 10(1)(*a*) of the Parole Act says the board may grant parole to an inmate subject to any terms or conditions it considers desirable, if the board considers that:

> (i) in the case of a grant of parole other than day parole, the inmate has derived the maximum benefit from imprisonment,
>
> (ii) the reform and rehabilitation of the inmate will be added by the grant of parole, and
>
> (iii) the release of the inmate on parole would not constitute an undue risk to society;

It can be seen the parole board has a wide discretion when it comes to the granting of parole. It is obvious, too, it has a very grave responsibility. It has a difficult function to perform and one does not envy the board members their work. After all, if the board should make an erroneous assessment of an inmate's application for parole, it can have very serious consequences. If it grants an application which should not have been granted, there can be drastic and, indeed, tragic results. And, if such results do happen, the widespread publicity which follows makes the public suspect the whole parole system, not to mention the harm which may be done to some innocent victim.

Personally, I think the members of the parole board are to be commended for the manner in which they carry out their difficult work. Actually one hears very little criticism of their work, even when the system itself is criticized. Everyone agrees that the members of the board are dedicated people who are successfully using the parole system to assist prisoners and, at the same time, to protect society.

However, since the parole board must work under the conditions and terms of the Parole Act, it may very well be that an examination, as proposed, would show a need for amendment or new legislation. In any event, I am sure the views of the members of the board would be both interesting and helpful.

Honourable senators, in discussing the parole system we must consider why the inmates of the prisons were sentenced to prison terms in the first place. Often nowadays one would get the impression that the inmates of the prisons are all unfortunate people who through no fault of their own did some criminal act. Great sympathy is expressed for the criminal, and one would think they were the victims rather than the perpetrators of the crime.

One has to maintain a balanced point of view in these matters. Certainly, I have no objection to aiding the

prisoner, but it is more important to aid the victim of the crime—especially when the crime involves violence to the person. I do take objection to the point of view that society is taking revenge on persons convicted of crimes when they are sent to prison. I take objection to the point of view that society is responsible for the commission of crimes because it allows poor environment, lack of education and lack of tender, loving care, which compel some poor unfortunate to commit crime. I object to the point of view that a person is not responsible for his own actions, as it denies a man has free will.

In any event, while keeping a balanced point of view on these matters, I think there should be some agreement as to the reasons for imprisoning people in the first place. We hear a great deal in these days about the rehabilitation of the prison inmates. Indeed, one would get the impression that persons are only sent to prison to provide living quarters for them while they undergo a course of rehabilitation. I agree that rehabilitation is a worthy and important objective, but it is not the reason why people are sent to prison. If a person were sentenced to a term of years for rehabilitation only, I am sure it could be accomplished in more comfortable quarters and a more pleasant environment. A person is sent to prison, after being convicted of a crime, for three reasons—as a punishment for committing the crime, as a deterrent to others, and for rehabilitation. Indeed, it is only when we recognize this to be a fact that parole makes any logic or sense. As you know, the idea of punishment is contained in the regulations because, generally speaking, a person will not be paroled until he has served at least one-third of his sentence.

Honourable senators, I think that in discussing this motion we must remember the parole system is but one part or one aspect of the whole administration of the criminal law in Canada. It might very well be that Senator Laird's motion should be broadened and enlarged to permit an examination of the whole administration of the criminal law, even though we would be dealing with matters not wholly under federal jurisdiction. Perhaps such an examination would suggest some means whereby there could be, for example, uniformity of sentencing for the same offence. At the present time there is no such uniformity, even within provinces, and, as a result, the work of the parole board is much more difficult.

I think the parole board must be in fact, although not in theory, a kind of board of review. If the board does not so act, then the regulations requiring the applicant for parole to serve one-third of his sentence would be wholly unjust.

It is my firm conviction that the whole field of administration of justice in Canada, and especially of the criminal law, needs to be given a very close and detailed examination with a view to making it much more efficient and effective. Perhaps such an examination would reveal why, quite often, persons charged with criminal offences are not brought to trial until several months have elapsed from the time the crime was committed. Such an examination might determine whether our jury system, once the safeguard of the individual, is now either necessary or even desirable.

I know that under the Constitution the administration of justice is a provincial matter, but I sometimes wonder whether something could be worked out between the federal Department of Justice and even one of the provinces by which, on an experimental basis, it could be determined whether the administration of justice, especially of the criminal law, could be improved. I might say in passing that I do not believe an annual addition to the already long list of judges is going to solve anything.

Before concluding my remarks perhaps I should return to the motion before us, and discuss the other side of the picture, as it were. I refer to the loss or forfeiture of parole. Section 5 of the Parole Act gives the board exclusive jurisdiction and absolute authority to grant, refuse to grant, or to revoke any parole. Section 19 gives any member of the board authority to suspend a parole under practically any circumstance. Under section 13 of the act, if a person under parole is convicted of an indictable offence, his parole is automatically forfeited. Thus, in any examination of the parole system, attention should also be paid to the reasons for suspending parole. It may very well be that in some cases the supervision of the person on parole is too strict, and that the parole is suspended or cancelled for relatively minor reasons.

In my opinion, the worst feature of the cancellation or forfeiture of parole is that the parolee not only has to serve the full term of his sentence, but also loses his statutory and earned remission. Under section 17 of the Parole Act, for example, if parole is forfeited by a conviction for an indictable offence, the parolee has to undergo a term of imprisonment equal to the portion of the term to which he was sentenced that remains unexpired at the time of his parole, and this also includes any period of remission then standing to his credit, even including his earned remission.

In my view, this is wholly wrong. There may be some justification for making a paroled person serve out his whole sentence, if his parole is forfeited, although I do not know what that justification is, but I cannot understand why he should lose his periods of remission. The revocation of his period of earned remission is, in my opinion, a very grave injustice.

I might also say in passing that I do not think any weight should be given to the argument that it is cheaper to keep a person on parole than it is to keep him in prison. The question of whether to have more or fewer people on parole is of such importance that I do not believe the financial aspect should have any bearing in the discussion at all.

Honourable senators, from my remarks you may have gathered that I do not hold a strong opinion on whether or not this motion should be agreed to. Actually, I am mildly in favour of it, because I can see that it would serve a very useful purpose in bringing to light any weaknesses in the system. Suggested improvements could be examined, and the general public would get an insight into how the system works.

I notice that the motion is:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and

report upon all aspects of the parole system in Canada.

I take it from that wording that the committee would have to decide first whether it should make such an examination. I believe it is only right that such work should not be placed upon the committee without the consent of its members. Personally, I would favour a special committee to look into this matter, because then those who are more interested in the subject could act upon it. However, if the committee is prepared to make the examination, then I will vote in favour of the motion.

Hon. Earl A. Hastings: Honourable senators, I should like to commend the distinguished senator from Cape Breton for his most lucid and informative address, and his careful observations with respect to parole in Canada. I know he would not expect or want one hundred per cent agreement with some of the views he has expressed. Having said that, I move that the debate be adjourned until the next sitting.

On motion of Hon. Mr. Hastings, debate adjourned.

TEMPORARY WHEAT RESERVES ACT

FAILURE OF GOVERNMENT TO MAKE PAYMENTS—OMISSION OF ACT FROM REVISED STATUTES OF CANADA, 1970—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the Temporary Wheat Reserves Act, and to the omission of that Act from the Revised Statutes of Canada, 1970—(Honourable Senator Martin, P.C.).

Hon. A. Hamilton McDonald: Honourable senators, I ask permission of the house to proceed in this matter.

The Hon. the Speaker: Is it agreed, honourable senators, that the honourable Senator McDonald proceed now in place of the honourable Senator Martin?

Hon. Senators: Agreed.

Hon. Mr. McDonald: I am sure all honourable senators are aware that many things have happened with respect to the Temporary Wheat Reserves Act and the so-called stabilization bill since we met yesterday. It is my understanding that it was impossible to obtain agreement to postpone or adjourn a court action which was to commence this morning. That court action is brought by four farmers of Saskatchewan against the Minister of Finance, Mr. Benson, with respect to payments under the Temporary Wheat Reserves Act.

I understand also that if that action had been adjourned there was every possibility that under Standing Order 75B in the other place this matter could have been brought to a conclusion very quickly.

I want to say that personally I am extremely disappointed that the Government was not able to proceed under Standing Order 75B, because I am told that three parties in the other house had agreed to that procedure.

The Government refused to engage in a court action on this issue—and I think this is a decision all of us can understand—and as a consequence they have decided to pay $62.1 million to the Canadian Wheat Board under the Temporary Wheat Reserves Act. In fact, that payment has now been received by the Canadian Wheat Board.

As far as I am concerned, the NDP must bear the responsibility for the fact that the Prairie farmers will now receive $62.1 million on last year's crop instead of $100 million. It is unfortunate for the farmers of western Canada that this has happened in the Parliament of this country.

Hon. Jacques Flynn: Since the announcement made last night in the House of Commons of the intention of the Government to withdraw the Prairie Grain Stabilization bill under the circumstances explained by the Acting Leader of the Government, it is quite obvious that the debate suggested by the motion of Senator Forsey has lost its practical purpose. Therefore, we can only agree to forget about it.

However, I commend the Acting Leader of the Government for explaining the circumstances under which the decision of the Government was made, since in the other place all parties except one agreed to proceed with the provisions of the bill which increased or added to the payments to be made to the grain growers, if the other provisions of the bill were withdrawn, and the Government was prepared to accept this proposal if the case initiated by some people in the Supreme Court of Saskatchewan was withdrawn. I think I can quote from the *Hansard* of the other place—since it is a decision of the Government, I am not quoting from a debate—the announcement by the Honourable Allan MacEachen:

> Mr. Speaker, I understand that discussions have taken place. Because of the desire not to begin the committee stage of the tax bill tonight, because I have not really given the House any advance notice about any other items and, further, because the item upon which I had intended to make a time allocation is about to depart from our midst, I would like merely to advise hon. members that it has not been possible to secure an adjournment of the court action which is to commence tomorrow in Regina.

This is the action taken to force the Government to make payments under the Temporary Wheat Reserves Act. Mr. MacEachen went on to say:

> In view of the reluctance of the government—indeed, the refusal of the government—to involve the court in this issue, the government has decided not to proceed further with the grain stabilization bill, and it will make payments under the Temporary Wheat Reserves Act.

I think it would have been an honourable compromise for everyone if there had been agreement on the proposal of the opposition parties, excluding the NDP.

At the same time, we should put on record the fact that by this announcement the Government confessed

that, technically speaking, it was wrong in refusing to make payments under the Temporary Wheat Reserves Act, as was charged by Senator Forsey. Therefore, it should be recognized that Senator Forsey was right in raising this issue, and that he indeed served the interests of law and order in doing so. I cannot see any circumstances in which a government can be said to be right in being wrong, in not enforcing the laws of the land. There may have been technical reasons—and I will not enter into this now—but I think the position taken by the official Opposition at least, and by many others including especially Senator Forsey, proved that the Government proceeded in a rather dubious way in the particular circumstances. I think also it proves that Parliament did what it had to do in the circumstances.

The Government may very well, after having taken the decision to proceed under the present legislation and pay the $62.1 million, bring in new legislation when the circumstances appear favourable for the purpose indicated by the acting leader. But by not proceeding under the present legislation, and, as has been mentioned in the motion of Senator Forsey, by not having that particular act included in the Revised Statutes of Canada, the Government showed a contempt of Parliament. To take for granted that Parliament would pass this bill was, without any doubt, presumptuous, and I think it will serve as a lesson not only to this Government but to any government that might try to by-pass Parliament.

In any event, honourable senators, the fault which is admitted is half forgiven. In the circumstances, and having regard to the frankness shown by the Government in this house through the acting leader, we only have to agree to raise the matter.

The Hon. the Speaker: This inquiry is now considered as having been debated.

Hon. Mr. McDonald: Honourable senators, may I propose that Orders 5, 6 and 7 stand?

Hon. Mr. Grosart: Honourable senators, may I ask a question on a point of order? I did not quite hear His Honour's remark in respect of Order No. 3. Is the debate now concluded, or does the adjournment in Senator Martin's name stand?

Hon. Mr. McDonald: I had hoped it could be concluded.

Hon. Mr. Grosart: But the adjournment is in Senator Martin's name.

Hon. Mr. Flynn: We agreed to yield.

Hon. Mr. Grosart: But in yielding we merely allow another senator to speak.

Hon. Mr. McDonald: Perhaps I did not make myself clear, but when I asked the permission of the house to speak in Senator Martin's place, it was with the intention of taking the item off the Order Paper.

Hon. Mr. Grosart: May I take it that Senator McDonald was speaking as the Government Leader under our rules?

Hon. Mr. McDonald: I do not think I said anything that would get me too deeply involved.

The Hon. the Speaker: When the honourable Senator McDonald rose in his place and asked to speak instead of the honourable Senator Martin, this followed the usual procedure, and it was agreed. The honourable Senator Grosart has now raised a point, which I shall have to think over before coming to a conclusion. When an honourable senator speaks on an inquiry and no other honourable senator indicates he is ready to speak, and if the debate is not adjourned, there is no problem. Under our rules, the subject shall be considered as having been debated. A different case is now before us, and I am wondering whether I should not think it over before deciding the issue. This situation has not developed since I have been in the Chair.

Hon. Mr. Flynn: I thank Senator Grosart for his intervention, because I had forgotten to say how disappointed I was that in the circumstances we could not hear Senator Martin's defence of the Government. He was in such a position that he would have had to be at his best to make an effectual defence. I think the Senate will have missed something exceptional.

Hon. Mr. Grosart: Your Honour has raised a point. I must say that I did not hear Your Honour give the customary warning when Senator McDonald rose to speak and conclude the debate, so I was in some doubt.

The Hon. the Speaker: May I ask a question of the honourable Senator Grosart? Does he wish to discuss this point in an academic way under the rules, or does he wish to speak on the inquiry?

Hon. Mr. Grosart: In reply to Your Honour's question, I have no desire to speak on it, but I have a great desire to hear Senator Martin speak on it.

The Hon. the Speaker: As I have indicated, I am not at the moment ready to give a decision on the point raised, and I would prefer to examine the problem before we sit tomorrow.

Hon. Mr. McDonald: It would be very simple to make a long speech on this issue, but I have no desire to kick a dead horse. This is a dead issue. The money has been paid to the Canadian Wheat Board, to be paid out under the Temporary Wheat Reserves Act, and surely that is the end of it.

Hon. Mr. Grosart: With due respect, I take it Senator McDonald is speaking to the point of order. I do not think the question of whether the issue is dead or not has anything to do with the point of order. The point of order is whether the debate still stands adjourned in Senator Martin's name. To clarify the position, I beg leave to adjourn the debate in the name of Senator Martin.

Hon. Mr. Smith: I rise on a point of order, since my friend, Senator Grosart, wants to be technical. I do not think we can stand a motion which would intervene between the motion to which earlier reference has been

made and the one now moved by Senator Grosart. I think this is officially a dead horse too, to use the picturesque language of Senator McDonald.

The Hon. the Speaker: I know there was a motion made, so may I ask if there is any honourable senator who wishes to speak on this inquiry?

Hon. Mr. Flynn: Senator Grosart has moved the adjournment of the debate.

The Hon. the Speaker: There is a motion to adjourn the debate, and I understand that the honourable Senator Smith has raised a point of order on this. I suggest that I put the motion to adjourn the debate by Senator Grosart, that I consider the point of order raised by the honourable Senator Smith, and that we review the whole matter tomorrow, when a decision might be reached.

Hon. Mr. Grosart: With Your Honour's permission and that of the house, may I amend my motion to read that I move the adjournment of the debate.

The Hon. the Speaker: With the reservation I have already indicated, I will put the motion. It was moved by the honourable Senator Grosart, seconded by the honourable Senator Macdonald, that this debate be now adjourned until the next sitting of the Senate. It is your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 14, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

14 October 1971

Sir,

I have the honour to inform you that the Honourable D. C. Abbott, P.C., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 14th day of October, at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,

Sir,

Your obedient servant,

Louis-Frémont Trudeau,
Brigadier General,

Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Copies of a document entitled "Federal Government's Response to Book IV of the Royal Commission on Bilingualism and Biculturalism".

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until Tuesday, October 19, 1971, at 8 p.m.

Hon. Mr. Beaubien: On division.

Motion agreed to.

23351—86½

PAROLE SYSTEM

PROPOSED STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Laird that the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

Hon. Earl A. Hastings: Honourable senators, I rise to make what I hope will be a worthwhile contribution to the debate on Senator Laird's motion. I wish first of all to commend Senator Laird for initiating a debate that is particularly timely on a matter of real importance, especially in view of current happenings. I also wish to commend other honourable senators who have taken part in the debate for the objective questions and suggestions they have made. I commend Senator Macdonald for his speech yesterday, in which he made many pertinent and important observations about parole. He certainly indicated a knowledge of this subject. I join with him in reminding honourable senators that parole as we know it in Canada today is an integral and important part of the whole complex correction system. It has attained a status in the correction system equal to that of law enforcement, the administration of justice and the administration of our institutions.

All segments of the whole correction process are today coming under close scrutiny and questioning by society. There is certainly great dissatisfaction about the operations of these related segments, particularly among the younger generation.

Like Senator Macdonald, I am wondering why parole has been chosen as the subject to be investigated. I hope that the mover, in his closing remarks, will explain his purpose. In any event, I will support this motion if for no other reason than to provide a vehicle or a platform for all those interested in the corrections process to make representations and suggestions with respect to reforms. It can also be an educational vehicle whereby those responsible for parole in Canada will have an opportunity to explain their operations.

I believe the inquiry can serve a useful role in examining the administration of parole in that the present act has been in effect for some years. In view of the experience we have had, there will undoubtedly be, as always, room for reform and improvement.

Since there is a very real and close inter-relationship between the prison system and parole, any discussion on parole must encompass a look at the prison system as it exists in Canada today. This relationship becomes

even closer as we proceed to seek new solutions, ideas and policies for rehabilitation.

In my own province, Alberta, the parole officer now is entering the picture at the time a man is sentenced. On the basis of the man's performance, his age and other related characteristics, the officer can make a recommendation as to the institution to which the man should be sent. By this process we have eliminated, for a large number, the traumatic and sober experience of going to one of our "higher institutions of learning", like Prince Albert, and we divert them to institutions with minimum security where rehabilitation will be more effective.

Why do we send people to penitentiary? All honourable senators who have participated in the debate have indicated various reasons, but Senator Macdonald stated them correctly—punishment, deterrent and rehabilitation. That is the objective. That is what we set out to do, but by our performance we can end the sentence after punishment. Everything that can be said about our system of prison has been said when you say "punishment".

The Fauteux Committee stated it succinctly when it said that the chief purpose of punishment is for the protection of the public and that this purpose is achieved by deterring further acts by the offenders and others who would commit breaches of the law. The time during which an offender is in custody should be employed to promote reform that, upon his release, he may be rehabilitated as a useful member of society. In other words, we send an individual to our institutions as punishment and not for punishment. There is a vast difference. The time in custody is supposed to be and, it is hoped, will be the punishment. Simultaneously with the time in custody the reform or rehabilitation process comes into play so that in the end a reformed man is returned to society, which affords society its very best protection.

This then is the objective, and I ask you for a moment to consider what in reality has been our performance. I believe sincerely that, notwithstanding all the clichés to the contrary, we have slipped into a process where we have permitted a system to operate that accepts men for punishment in an all-corrupting atmosphere and that any suggestion of deterrents or rehabilitation is simply a myth. And this is the vengence of punishment which is referred to.

No man enters the prison blaming society—or very few do. They are nearly always prepared to accept the punishment that society gives them in the form of time within that institution. If a man enters one of our institutions blaming society for his fault, it may well be the first indication that he is in the wrong institution. Most men go there and accept their punishment as men.

But the question is asked: What happens to them after they have been there? The punishment which was to have been time in custody is wreaked with a vengeance and it stays with the man for the rest of his life. If he enters one of our institutions questioning society, he leaves the institution hating and despising society for what it has done to him during his confinement.

President Nixon has called penitentiaries universities of crime. I cannot help but agree, when considering the number of young auto thieves who go to prison for three or four years and graduate as accomplished armed robbers. The conditions and prevailing attitudes in our institutions are for the most part a positive deterrent to improvement or rehabilitation. We do not reform, re-socialize or rehabilitate; we destroy their spirit and we degrade and poison them, and in the end, when a man is released or goes on parole, we have produced a human being who is worse, and far more dangerous to society, than he was when he entered the penitentiary. The whole process is defeated. I do not know how you would reach any other conclusion when you look at the milieu and the environment where he is confined. Hate prevails, yet we ask him to learn how to love. We strip him of all responsibility, and ask him to learn how to be responsible. We degrade and dehumanize him while he is being confined, and ask him to attain some measure of self-respect. It is against this background that rehabilitation and deterrence continues to be a myth. The order of the day is brute raw punishment. It marks and stigmatizes these young men, not only during their time in custody, but practically the rest of their lives.

What is the record? How are we doing in rehabilitation and deterrence? Honourable senators, in 1961 there were 6,700 men in custody and 1,300 under control, for a total of 8,000. On March 31, 1971, 10 years later, there were 7,500 men in custody with 5,000 under control on parole for a total of 12,500, which is an increase of over 50 per cent for that period. Based on population, in 1961 there was one man in custody and under control for every 2,275 people. Today we have one man in custody and under control for every 1,736 people. We can charge that increase off to the change to a permissive society, if you like. But the fact remains that in our penitentiaries today 85 per cent of the population are recidivists, notwithstanding the fact that we spent $19 million on the process in 1961 as compared to $75 million 10 years later. This is not to point an accusing finger at those responsible for our penitentiary service and say that they have not done their job. Personally, I have a profound admiration for those people, and for their devotion in performing a very difficult task. For the most part, they are underpaid and understaffed, and they perform admirably under tremendous difficulties. I have nothing but understanding for them as they try to serve both the public and the inmates. But, as I have said, they are understaffed and underpaid.

We have 1,000 men in our Montreal complex with but one psychiatrist. At Drumheller, Alberta, where 400 men are confined, there is one psychiatrist one day a month. The workload our classification officers are carrying is 150 cases per man; the recommended caseload per man is 50. They are understaffed, and as a result they cannot do the job they are called upon to do.

The fact is that this whole correctional process has failed; and we are reaching that point at which we cannot continue as a society to delegate that authority or responsibility to others and expect them to right our errors. We have abdicated that responsibility too long and perhaps this proposed inquiry that we are to carry out is in some small way an indication that we are prepared again to assume it.

I can only quote to you the remarks of the Deputy Solicitor General when he lectured at the Cornwall Campus of the University of Ottawa recently. He said:

> The days are drawing to a close where the community—

That is, you and I.

> —can send one of its bad boys off to an institution, shut him off from contact with families and friends, expect him to suffer his punishment and then return as a more responsible citizen than as he does—an insecure, inadequate individual or an aggressive, hostile ex-inmate.

There must be alternatives to the outmoded useless prison system as we know it. We must find the alternative because custody has never worked. Surely we must and can learn from history that we will never change a man by punishment. A man can be changed only by example and leadership. Yet we continue to hold to the idea that if a man is wrong, the harder the punishment the greater he will change. It does not work; it will not work.

As a young inmate friend of mine told me the other day, if we find it impossible to admit that we do not know what to do about the problem, we should at least be honest enough to admit that what we have been doing has been pitifully, patently wrong.

Changes and reforms are being made in our present system and I would like to commend the courage of the present Solicitor General in leading a crusade to institute these long overdue reforms. He has managed an impressive record in a very short period of time. The whole problem, however, as he has pointed out, is a matter of human attitudes which have to be changed before any improvement can be achieved.

It is in the light of changed human attitudes that we approach our proposed study of parole. This is one of the alternatives to the outmoded system we cling to of locking men up in crowded conditions and inflicting this sort of inhuman treatment, and expecting change.

There are others; they are all under consideration. I am gratified to learn that we are giving consideration to furloughs for deserving inmates. This follows the policy of Sweden, where furloughs are granted for good behaviour. The fact is, however, that if we wish to change an individual, which is the name of the game, we must do it by keeping him close to society. He cannot be segregated from society, placed in this foreign environment and then directed to change. It must be done within the community, and the closer to society we can keep him, the better.

I should make it clear that I do not speak about all the inmates in our institutions. Certainly the prison will always be necessary, because there is that percentage from whom you and I are entitled to have protection—that is, about 10 per cent or 750 out of the 7,500 men who are locked up today.

Parole is not new. From the earliest days of crime and punishment, through the worst years of punishment by transportation and banishment to the colonies, some form of leniency or clemency for good behaviour has always been given. It took the form of remission, pardon or ticket of leave. They were designed primarily for good conduct and for controlling the inmate within custody.

Parole as we know it today is the natural outgrowth of these methods, as we have moved to more humane methods of treatment. It is a logical consequence of society's change of attitude toward crime and punishment.

We have repudiated capital punishment, the Devil's Island form of punishment, dismemberment, and mutilation. But in assuming new attitudes, we naturally assume certain risks. Parole results from a desire to counteract and minimize those risks.

There are three basic concepts of parole: a conditional remission of part of the sentence, a contract between the recipient and the grantor, and an acceptance of supervision under ordinary social conditions. Society has a right to protect itself. But it should be obvious to society that the very best protection is obtained by returning the criminal to society as a useful, law-abiding citizen. Parole is a means to this end.

We have two options. Either we require the inmate to serve the maximum time without parole and with no incentives for good conduct, as a result of which he will be extremely hard to manage while he is confined and practically impossible to rehabilitate, and we turn out a dehumanized individual who is almost certain to return to crime; or we grant parole to the majority, with all the incentives it offers, and where the possibility of rehabilitation within society is considerably enhanced. By releasing men under supervision and guidance, instead of turning them loose at random, both the parolee and society benefit.

I support the motion calling for this inquiry. The time is opportune for the community to understand and appreciate the work of the parole board, a nine-member committee under the chairmanship of Mr. T. G. Street, on whom we have conferred the administration of parole in Canada.

The board is called upon to administer "without error" work which has been described by former United States Chief Justice, Earl Warren, as a "terminal procedure which must absorb most of the criticism for the failure of the intermediate agencies leading up to it—the family, school, community, police, court, prison." We place the problem in the hands of the parole board and ask them

for a decision, and God help them if they make an error. In a society which prizes freedom over all other considerations, it is a grave responsibility to have to decide whether to grant or withhold freedom from another.

The parole board has fulfilled its responsibility with distinction, as was indicated by Senator Thompson, and as we shall learn as we proceed with our inquiry. I have nothing but the highest praise for the members of the board who are performing a difficult task on our behalf. That they will err is only natural. We hear a great deal about their errors, and we forget the many valid decisions they have made.

Senator Thompson mentioned that when a parolee commits a crime, the press, in its search for sensationalism, headlines the story. If there were ten robberies committed in the city last night, one of which was committed by a parolee, we know which story would receive headlines in the morning's press. Senator Laird, the sponsor of the motion, said it appeared that when this happened a general hue and cry arose that had it not been for the parole board the crime would not have been committed.

That is nonsense. We do not and we cannot lock people up for life. Ninety-nine per cent of those in prison will be freed some day. The parole board makes its decision on the very best information it can obtain from the man's psychiatrist, his counsellor while in prison, and the police. Its decision is based on the premise that this is the time when he should be released, because this is the time when the chances are greatest that he will reform and become a useful member of society.

The parole board may make an error. It does make errors. But if an individual continues to serve his complete sentence, will he be reformed and will his chances be any better at the end of it? We may precipitate his return to prison.

To say that had the parole board kept him in prison the crime would not have occurred, or that the parole board precipitated the crime because it would not have happened had the man completed his sentence, is wrong. The man might have been discharged as a disillusioned and hateful individual.

Senator Thompson referred to violent offences and particularly to one case. Every time we discuss the parole system in Canada or the parole board, everyone will now remember the case to which Senator Thompson referred. We seem to forget the many persons whom the board have released, and who have never been heard of again.

I wish to place on the record some figures in this regard, and I am indebted to Dr. Colin Sheppard of the University of Ottawa Centre of Criminology who researched the matter of violent offenders, and produced a report which will certainly become part of the committee's study. I am referring to those individuals who have been convicted of violent crimes, and in his report Dr. Sheppard said:

> Attitudes still prevail towards certain individuals and groups which ignore knowledge that has been accumulated about them. Such is the case for the so-called violent offenders who as a group are misunderstood, sometimes feared and often considered a continuing menace to law-abiding society.

Yet what is the record? The available evidence indicates that the violent offender is the most successful of any group of parolees. Of 357 murderers paroled in New York City between 1950 and 1959, none committed another homicide. One hundred and seventy-five murderers were paroled in Michigan between 1937 and 1961; 43 returned for committing offences other than homicide. A study of 342 first degree murderers paroled in California between 1945 and 1954 revealed that as of June 30, 1956, 36 had violated their parole. Of these, only nine had committed new offences; there was one case of manslaughter and one case of assault to murder. The California study showed that the parole record of convicted murderers is better than the record of almost every other category of offenders.

In Canada, statistics made available by the National Parole Board indicate an impressive record for the violent offender. From 1920 to 1967, 119 murderers, who were sentenced to death and whose sentences were commuted to life imprisonment, were released on parole. As of April 1968, 89 were still on parole, 19 had died or left the country, and 11 had been returned to prison, for either committing other offences or breaking their conditions of parole. Of the original 119 only one offender killed the second time; he was executed in 1944. Between 1959 and 1967, 32 violent offenders, who had had their death sentences commuted, were released by the National Parole Board, and by the end of 1967 only one had been convicted of another offence, and this did not involve further loss of life.

The evidence indicates that the violent offender, if given the opportunity of conditional freedom, generally does not violate such trust by inflicting further injury or loss of life. I place those statistics on the record in the light of happenings during these last few days, and in light of the question raised by Senator Thompson.

I hope, honourable senators, that in our proposed inquiry there will be an opportunity for those who are most closely affected to participate—that is, the present inmates, the parolees, and those who have formerly served time in our institutions. From my experience with these men—and I think we must always remember they are men—they have ideas, suggestions, and criticisms which are worthy of consideration. They are the ones most closely affected; they are the ones who do have something to contribute. We can listen to the parole board officers and the experts, but I think we can learn a great deal by talking to these men.

If I may, I shall address myself for a moment to these men. This is a two-way street. As we slowly move to legislate reforms and to change the attitudes of society we have every right to ask of you that you respond also with change. I believe society is ready to help you in

any way it can. We are ready to help you to help yourself, but the change must come from you to be successful; it must come from within you to be effective. I hope we will display through this inquiry and the reforms that are being instituted by the Solicitor General your willingness and readiness to participate. Having made that statement, I ask you now to respond with change yourselves. You have access to the Commissioner of Penitentiaries; you have confidential access to the Solicitor General, and, I hope, you have confidential access to senators. You will be given an opportunity to participate in this inquiry. I urge every one to assume his obligations, and take advantage of this confidential access and utilize it to his benefit. Together we may break down the barriers of prejudice and misunderstanding which have existed.

There is no instant victory or instant solution, but I do suggest that we press forward with as much haste as possible in a search for new knowledge, new techniques, and a new understanding to this seemingly difficult human problem.

Honourable senators, I thank you for your kind attention. I, of course, will support the motion.

On motion of Hon. Mr. Carter, debate adjourned.

URBAN AFFAIRS

PROBLEMS AND PROSPECTS—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospect", tabled in the Senate on Tuesday, 9th March, 1971,—(Hon. Senator McDonald).

Hon. A. Hamilton McDonald: Honourable senators, when I adjourned this debate some considerable time ago it was for the purpose of trying to get other senators to participate. Apparently there are none who wish to do so. Therefore I would ask that this item be dropped from the Order Paper.

The Hon. the Speaker: As no other honourable senator has indicated that he wishes to participate in this debate, we will consider this inquiry to have been debated.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

WEATHER MODIFICATION INFORMATION BILL

COMMONS AMENDMENTS—CONSIDERATION NEXT SITTING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-11, to provide for the obtaining of information respecting weather modification activities, and acquainting the Senate that they had passed the bill with the following amendments to which they desire the concurrence of the Senate:

Clause 4

Add immediately after sub-paragraph (ii) the following new sub-paragraph (iii):

"(iii) the chemical nature, physical properties and quantities of any substances emitted into the atmosphere for the purposes of weather modification."

Clause 5

Delete Clause 5, and substitute the following therefor:

"5. Any information obtained by the Administrator or his authorized representative pursuant to this Act may be made public or made available on request to any member of the public."

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Langlois: Honourable senators, I move that these amendments be taken into consideration at the next sitting.

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable D. C. Abbott, P.C., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect.

An Act to amend the Northwest Atlantic Fisheries Convention Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, October 19 at 8 p.m.

THE SENATE

Tuesday, October 19, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Marchand (Kamloops-Cariboo) has been substituted for that of Mr. Foster on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

PROPOSED JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, the following message has been received from the House of Commons:

Ordered: That Standing Order 65(3) be amended by adding thereto the following:

"(c) On Regulations and other Statutory Instruments, to act as members on the part of this House on the Joint Committee of both Houses established for the purpose of reviewing and scrutinizing statutory instruments standing permanently referred thereto by section 26 of the Statutory Instruments Act, to consist of 12 members;"

Ordered: That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed joint committee.

Attest

Alistair Fraser

The Clerk of the House of Commons

Honourable senators, when shall this message be taken into consideration?

Hon. A. Hamilton McDonald moved that the message be placed on the Orders of the Day for consideration on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Report of the operation of the Regional Development Incentives Act and on "Special Area" incentives for the month of September 1971, pursuant to section 16 of the said Act, chapter R-3, R.S.C., 1970.

Copies of a Broadcast Code for Advertising to Children, published by the Canadian Association of Broadcasters, together with a news release, dated October 13, 1971, relating thereto.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, October 13, 1971, pursuant to section 7 of the Regulations Act, chapter R-5, R.S.C., 1970.

Copies of Trade Agreement between Canada and the Hungarian People's Republic, done at Ottawa October 6, 1971, together with correspondence relating thereto exchanged between the Canadian Minister of Industry, Trade and Commerce and the Deputy Minister of Foreign Trade of the Hungarian People's Republic.

Copies of report of the Hazardous Products Board of Review, pursuant to section 5 of the Hazardous Products Act, chapter H-3, R.S.C., 1970, recommending that Order in Council P.C. 1970-1933 respecting metal polishes, tabled in the Senate November 17, 1970, be continued and maintained in the interest of public health and safety.

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1971, pursuant to section 7 of the Fisheries Prices Support Act, chapter F-23, R.S.C., 1970.

THE ECONOMY

ASPECTS OF ECONOMIC CLIMATE—DEBATE ADJOURNED

Hon. Paul Desruisseaux rose pursuant to notice:

That he will call the attention of the Senate to some aspects of the economic climate.

He said: Honourable senators, since tabling my motion of inquiry last Tuesday, the economy has received what I can only call good "Bensonization". This is not yet the time for me to discuss the proposed relief fiscal measures involved. Let me say that I believe they will help and will provide employment for a few months for a number of our unemployed. The new measures are none too early, but they are a step in the right direction. I am afraid they are not tailored to have the impact that some were hoping for.

Our neighbour's new economic policies are a little over two months old. They made a deep impact on Canada and on our economic experts. To many, our neighbours seemed to have panicked suddenly and become overly emotional, giving credence to some up-

setting rumours about the true state of affairs. Were they really on the brink of economic bankruptcy, with their huge annual fiscal deficits—$30.1 billion this year —their immense national debt, their international trade deficit of $1.4 billion and more deficits expected to come in their balance of payments for the year?

According to the United States Department of Commerce, "On the balance of trade, the surplus of U.S. imports ran each year favourably from 1963 to 1970 inclusive." For those years there was a total surplus of U.S. international trade of $30.5 billion. In 1971, January to August, there was a deficit of $1.4 billion.

In the past, for many years on and off, we lived here in Canada with unfavourable trade balances. We know their full meaning. Internally, the United States has been facing national problems of astronomical proportions for a great many years, because of their ever-growing fiscal deficits, because of their help to other countries, because of their involvement in two foreign wars, the costs of which are said to have been over $160 billion. As the strongest and richest economic nation the United States accepted in the past the burden of her weaker and poorer allies. Over the years she honoured without fail her commitments to the nations of the world. The United States undertook for the allies the task of leading the policing of the western world in order to assure for all countries peace, tranquillity and economic stability. She sacrificed billions of dollars for this. She managed, at the cost of two ruinous long wars and a number of sacrificed lives, to curtail the spread of communism over our globe.

The United States borrowed and made her debts heavier in order to give generously to nations in want through foreign aid, through financing recovery programs and through directly helping the conquered countries of the last world war recover their status as economic nations of importance.

Many in our western world owe the United States their years of prosperity and progress following World War II; this was also the case after World War I. Following the lead of the United States, the more important trading nations were able to work their way out of the nationalist protectionism that had led to World War II and follow the road to free trade, a fact which has come to be developed and enjoyed in our present trading world.

Between the end of World War II and 1971, the United States loaned to other countries approximately $46 billion, and $27.6 billion remains outstanding. This does not include foreign aid grants, business loans or investments. It is often forgotten that $19.1 billion of World War I debts, including interest, have not been repaid to the Americans. Through it all, and at no cost to us, we have been their favourite friend and favoured nation for over a century. We have lived in complete peace with them as neighbours. We have never needed guarded frontiers between our two countries. We have enjoyed their full commitments to protect Canada against any aggression from anywhere at the time when it was most needed. We have benefited from their important investments. Multinational companies of the United States that chose to produce in Canada and to export widely abroad have paid our government half of their profits and have given much needed employment to our citizens. I am certain that a progressive Canada will have to continue to be tied to the fate of the United States.

I have read some reports on the prevailing economic problems of the world and at times I will refer to some of the views expressed in them. In my opinion there was really no other choice open to President Nixon in making his decision. There were world-wide rumours of an impending major and deep depression starting in the United States. Action had to be taken and it was taken. It is most unfortunate that this surcharge will seriously hurt certain Canadian and multinational industries. It is also unfortunate that our American friends did not choose to exempt Canada or give it the preferential treatment which I thought it deserved. However, it should be noted that the surcharge on United States imports from Canada applies to only between 20 per cent and, at the most, 26 per cent of the United States imports from Canada based on the 1970 figures.

Martin Gainburg, a leading United States economist, has said:

> Your (Canadian) situation here is more than good, it is terrific when you compare it with ours. While your country is producing jobs at an annual rate of more than 3 per cent a year increase, we are stuck with the rate of about .8 of one per cent. These do more than simply emphasize the weakness of the U.S. economy, it points to the strength of yours.

Since the surcharge came into effect the upward float of the Canadian dollar has been about 1½ per cent. Because other major currencies have floated upward by considerably greater percentages, the Canadian dollar in reality has been devalued in terms of those currencies. The Canadian dollar has now devalued 6½ per cent to 7 per cent since it was floated in May 1970. Other trading countries have since then revalued their currencies, but not enough in the judgment of the United States to enable the cancellation of the surcharge.

It is now realized that the continued floating of world exchange rates is not the complete answer to the current monetary crisis; it would not be enough. According to the economists' calculations, the Japanese yen would have to be revalued by about 13 per cent, the German mark by 12 per cent, the French franc by 10 per cent and the others by lesser amounts, to meet the requirements of the United States as stated. The Japanese would like to revalue no more than 5 per cent, and refuse absolutely to go beyond 10 per cent.

Canada acted wisely by floating the dollar in May 1970, and has done quite well with the resulting devaluation of some 7 per cent. It was commendable, a good move, well timed and effective.

Further friendly dialogue with our neighbour might enable us to find ways of diminishing considerably the immediate impact on us. The long-run consequences

of this surcharge have considerably more importance in my view. The new economic policies will favour, it is generally predicted there, the entry of the United States into a period of rapid growth which in turn, hopefully, may call for a substantial increase in demand for Canadian exports if we do not upset our good relations and keep our auto pact.

Any increase in demand for our products because of greater United States prosperity should, if we can remain competitive, offset some of the short-term export losses due to the surcharge. If, in fact, inflation is brought under control through these new policies, or at least if it is slowed down in the United States, there will naturally follow a slowing in Canada. This could open avenues to the Canadian Government for stimulative monetary and fiscal policies that would truly provide new employment and expansion capital, the requisite for what is called progress.

Here it seems that the educational system has somehow failed to give youth the right foundation for earning, and here its solution requires more capital, the concrete apparatus of production. Here too the principal barriers to adequate capital formation have been ideological rejections of the role of profit, and political reluctance to recognize its creative force.

The forecasted decline of inflationary expectations, according to a consensus of experts, could also lead to lower interest rates. This in turn would stimulate both the American and the Canadian economies and invite expansion. It could very likely allow a resurgence of Canadian and American housing booms, one of the best providers of labour employment and one which is now so badly needed.

Many believe that America's new economic policies will prove beneficial to our own economy during the next few years. In the United States confidence has been restored, consumer spending has increased notably, U.S. auto sales have increased more than 22 per cent in the last month and a half, higher corporate profits are now reasonably anticipated, and some growth in capital spending is being planned. This restored confidence should reflect on the Canadian economy. It may even make up for some of the anticipated short-term losses if the status quo is maintained in the auto agreement.

The strong GNP showing in the last quarter and first half of the year, together with the knowledge that there would be little immediate overcharge effect on the economy this year and early next year, should result in a continued strong general recovery. Even the United States' outlook on corporate profits is now better.

Our friends to the south, who are the best clients of Canada, as we are of them, are well aware of their very direct personal interest in ensuring our economic strength. However, if the surcharge lives on, the trading countries may find it essential to their survival, the survival of their trading position, to establish counter measures which would result in a trade war. We would be creating a similar situation to that of the thirties when we erected tariff barriers and kept increasing them while we gradually moved toward the Second World War when we had to fight again for liberty and freedom in the world, for ourselves and for our products.

The modern world is built on trade—$30 billion last year—and there is no nation, big or small, that could go back to self-sufficiency without lowering the standard of living, and without closing down many of its industries. It is regrettable that the approach taken has seriously disrupted international monetary arrangements and damaged the trade liberalization measures which have been developed during the postwar period—I am referring to such agreements as the Bretton Woods Agreement—without offering any guidance for their reconstruction or replacement.

We know the United States had for many months been calling for a new international monetary arrangement. However, with countries acting unilaterally in their own immediate interests a return to the general instability and confusion of the thirties is threatened, and the United States can now be accused of starting it.

It is important for the future of world trade that countries that have been gaining international reserves should agree to appreciate their national currencies vis-à-vis the United States dollar—which is still the best possible curency for world-wide transactions, although now a little more unstable—by allowing them to float or, as United States experts have suggested, by selecting a new and higher value for them. The Eurodollar could not begin to do a good job.

[*Translation*]

Quite recently, at the assembly of Finance ministers, Treasury members and experts of the Western world's major countries engaged in international trade, Mr. Pierre Paul Schweitzer tabled an impressive agenda, of which you are no doubt aware, with priority questions, first calling for consideration of readjustment of parities of major currencies in relation to the dollar and of the dollar in relation to gold.

The second agenda item is consideration of a new monetary system based on special drawing rights as the main instrument for reserves and also on contributions of other countries to the reestablishment of the United States balance of payments.

The third item is the abolition of the 10 per cent surtax imposed by the United States.

Let us hope that an agreement can be reached and that excellent economic prospects can be expected but we must first admit that each item on the agenda must be dealt with in a positive and equitable manner.

It is reassuring to note that in Detroit on September 24, 1971, the President confirmed that the surtax on imports would be abolished when partners in the dollar zone have revalued their currencies so as to end the disadvantage under which American products have to compete on foreign markets. The President hastened to add that his country had no intention of sheltering indefinitely behind a wall of protectionism. That fact should be noted, considering the conditions asked of Canadians for the abolition of the surcharge.

Recently, the Prime Minister stated forcefully that Canada would not remain passive if the United States tried to re-shape the North American economy in such a way as to reduce Canada to the mere role of a supplier of raw materials. Canada would probably restrict exports of raw materials, which would be of no help whatever.

Finally, the damages are already extensive at a very critical time for our economy. It is out of the question to allow the dwindling of the Canadian economy since it is an essential matter for us. The future stability of world economy is also quite important. Any decision leading to protectionist policies borders on defeatism and the downfall of the world economy which promote open hostilities which nobody wants.

A great number of American companies with interests abroad have developed them partly because of the cost of labour, but especially because they were looking for what they expected to be a greatly expanded international market, a share of the international trade worth $300 billion per year. Economic nationalism, which had served the world so badly for hundreds of years, gave way gradually and often painfully to beneficial internationalism. But this disastrous protectionism is now reappearing in all its ugliness.

In spite of the push that the U.S. economy should receive from President Nixon's economic policy, it is obvious that the U.S. have not settled all their economic problems.

If I had a simple explanation for what seems to be happening, I would say it in a very descriptive English phrase.

[*English*]

The United States have now priced themselves out of world markets because of their lower productivity and higher costs of labour. No artificial means will now assure a correction. This is well illustrated by Japanese steel productivity, as every executive in the United States and Canada now recognizes. The average productivity gain per year among the free nations between 1965 and 1970, according to figures compiled by U.S. News and World Report, ranged from 14.2 per cent for Japan to 1.9 per cent for the United States.

Productivity is the measure of efficiency, and with the United States, with an increase in productivity per year of 1.9 per cent, last, and Canada, with an increase of 3.5 per cent, next to last on the list of the ten principal trading nations, I believe we are forced to re-study the consequence of such projections for the next ten years if we want to remain world traders. How effectively our resources such as materials, labour, and machinery, are converted into the production of goods and services depends on the quality of management, on investments in the best machinery, on the introduction of the most recent techniques, and on the training and diligence of the workers.

While United States and Canadian productivity has been less than it should have been, when we compare these two countries with the trading nations we find that wages have risen more than they have in those other trading nations in the last few years, and this at a time when the productivity of Japan and the other countries is rising spectacularly, and when their unit labour costs are such that the ability of the United States to compete in international trade has been greatly affected.

Canada has the same economy as the United States, and the same approach to its production. We have economic goals and the same theories as to our standard of living. It is but a question of time before we will have to face the same economic problems, the same productivity gaps. And then what?

In Canada close to 50 per cent of the labour unions are internationalized, and their policies are dictated by United States union headquarters. Management and government fail in their efforts to comprehend each other's viewpoint, while the basic necessity is to have a common front that properly analyzes the whys of the better productivity of some trading nations, and to adjust our objectives accordingly to maintain our competitive trading position and save our future economic position. This at a time when the international monetary system is in ruins and must be re-built from its foundation up, and at a time when it is known that the existing strong currency can replace the United States dollar as the international trading medium.

The French minister Valery Gescard d'Estain warned:

> The world economy is entering a stage of lessened growth in which within a few months problems of activity and of employment will raise universal concern.

How could it be expressed any better?

We are facing a possible universal depression in which Canada, so dependent on export sales, could be one of the most deeply affected. We have reasons to be extremely careful in Canada with our economic policies, and this we have not done. We know we must be prepared to withstand possible shocks in the next few months. The Atlantic Provinces Economic Council summed it up at its last conference as follows:

> No country is as heavily dependent as Canada on exports as a source of economic growth. Yet in a world of growing trade blocks we have substantial access to only one—the United States.

I do not think Canada should now engage in escalation or retaliation. In the past Canada's governments have been able to follow successfully a highly constructive pattern for our nation. For this they are to be commended, and I hope all will now unite in their effort to to ensure the country's progress and continued prosperity.

I believe the time has now come to reinforce our government's economic planners and advisers by constituting a super economic brains trust to help deal with our present economic problems—a kind of "Canada Incorporated". Japan has had something similar called Japan Incorporated, formed of the greatest authorities in banking, trade and industry, and including their labour leaders. It has been highly successful, as we have

all seen. Its operations are fascinating, and one can readily understand the great help it has given Japan in achieving its international developments. I would hope that this was what the Right Honourable the Prime Minister had in mind when he said:

> We will have to have a fundamental re-assessment of the whole economy.

Our government and our political parties are now being criticized by many because of their hodge-podge unstable economic policy, or lack of it. Some say we have become interested only in being an ultra-socialized country. We are said to look, for instance, only at the glamourized Scandinavian ways of governing and not at their mistakes, their accumulation of problems, and their fundamental drawbacks. Many people say we should analyze more seriously the consequences of the destruction of capital accumulations. These capital accumulations once permitted pioneers to undertake great productive and lasting developments. Their total elimination is now somehow being planned for some ten years hence, as the ultimate sacrifice to a policy of total socialism in Canada.

We evidently know too little, and we should know more, about the comparative effects of lowering taxes in periods of recession. It is now being proposed that income tax be reduced by 3 per cent for individuals and 7 per cent for corporations. It would be interesting to know the reason for refusing written fiscal rulings by the fiscal authorities, which are the necessary guidelines in business, for individuals, and for commerce and industry, both national and multi-national. We should know the reason we are doing this, contrary to the accepted custom elsewhere.

Our Government is losing the confidence of Canadians —and I believe I have listed some good reasons for that. Our Government, and the political parties, should immediately pull back from their continuous attempts to force the private sector to meet the political and social objectives of governments. The function of the private sector is to generate growth with its accompanying employment. Attempts to make it a vehicle for political ambitions will, in the end, destroy it.

M. Gérard Filion, the president of the Canadian Manufacturers' Association, said recently—and I concur fully:

> We should be brutally honest with ourselves. We have brought a great many of our present difficulties on ourselves. We have for some years demanded far more from our economy than it can give. Successive governments have saddled industry with cost burdens unreasonable for a country as vulnerable to foreign competition. We have an excessively high cost economy. Tax levels have escalated...in a period of labour demands more insistent, more extravagant and more powerfully enforced than at any time.

Unless Canadians—and we represent them in passing legislation—undertake the fight for necessary corrections, many of which I have enumerated here, we will shortly have to concede our excellent position among the trading nations.

[Honourable Mr. Desruisseaux.]

We in Canada will have the future that we deserve through our sacrifices, our intelligent plannings, and our philosophy for producing and selling. No stubborn or wrong approach to our problems will do it for us. All good things are obtained in life—and they will be, I am sure, for us—through work, through discipline and, yes, through sacrifice. It is the law of the land. It is up to us.

Last week, we took only a short step to regain the confidence of the business world and of those who understand the prerequisite for success. I believe the Competition bill—which is troublesome to most people in business—needs to be redrafted more knowledgeably. The amendments to the labour code, particularly those covering technological change, should be withdrawn, as should the extension of certain benefits under the Unemployment Insurance Act which would impose exorbitant costs and operational rigidity that Canadian industry cannot afford, and that would place it on an uncompetitive basis with foreign industries in our trading world. We are informed, and I believe it, that only then can business and alarmed Canadians start to regain confidence in the future as it is being planned by the Government.

On motion of Hon. Mr. Lang, debate adjourned.

PAROLE SYSTEM

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

The Senate resumed from Thursday, October 14, the adjourned debate on the motion of Hon. Mr. Laird that the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

Hon. Chesley W. Carter: Honourable senators, the motion before us is couched in very simple terms. It merely calls for the Senate to authorize the Senate Committee on Legal and Constitutional Affairs to inquire into and report upon the parole system in Canada.

Since this is obviously the kind of thing that the Senate should be doing, and probably can do better and cheaper than any other body, I am heartily in accord with the principle of the motion—which, as far as I am concerned, leaves no room at all for disagreement.

With respect to the motion itself, however, although I have no particular objection to it, there are in my mind three question marks which I feel have not been dealt with sufficiently in this debate to enable me to come to an enlightened opinion on the matter.

The first of these questions has to do with the timeliness of such an inquiry. The increasing tendency to lawlessness, the discouraging trend of crime statistics showing increases in both crime and recidivism, the increase in the number and magnitude of prison riots, both in Canada and in the United States, the mounting criticism of our penal system and the rising concern that

has resulted in the public mind, all would seem to indicate that the inquiry envisaged in this motion would be very timely indeed. On the other hand, a similar inquiry which covered the parole system was carried out not too long ago by the Canadian Committee on Corrections under the chairmanship of Mr. Justice Roger Ouimet. After studying the problem for over two years that committee submitted a report on March 31, 1969, which contained over 100 recommendations. The whole of Chapter 18 of the report is devoted exclusively to this subject, with two chapters on related subjects.

The Committee on Corrections made 16 recommendations with respect to parole, 12 of which dealt with the parole system itself. Most of these recommendations were translated into law, but as they have been in effect for only about a year there is a question in my mind whether sufficient time has elapsed since the inquiry by the Committee on Corrections and the implementation of their recommendations to enable the Senate inquiry envisaged in this motion to be effective or to serve a very real purpose.

Recently, I talked with Mr. T. George Street, Chairman of the National Parole Board, who assured me that all the recommendations of the Ouimet Report with respect to parole had been implemented with the exception of the recommendation in connection with the overlapping of provincial and federal jurisdictions, which by its very nature will require a long period of negotiation and gradual implementation.

The membership of the National Parole Board has been increased from five to nine and the board is now operating in panels of two and three members who visit institutions in various parts of Canada. Also, those who wish to do so appear before the panels in person and make verbal representations in support of their applications for parole. These changes correspond to two of the very important recommendations included in the Ouimet Report. I gathered from my conversation with Mr. Street that the board's greatest problem now is the lack of sufficient staff to enable it to operate as efficiently and effectively as it would wish.

The second question in my mind has to do with the scope of the motion, which restricts the inquiry to the parole system alone. Personally, I doubt whether this is either possible or desirable. The parole system is only one part of our corrective program which, in turn, is only one part of our penal system which, again, is part of our whole system of criminal justice. Our judicial and penal systems are based on certain philosophical concepts and principles which permeate the whole system including the various branches. Present-day practices and procedures in the parole system flow from the concepts and principles on which the main system is based. Therefore, apart from minor changes in procedure, any significant change in direction must necessarily flow from a change in basic concepts and principles. It seems to me, therefore, that if the inquiry were focused on the parole system in isolation from the main system of which it is an integral part, its usefulness would be somewhat impaired.

The whole world is in a process of revolutionary change. To pinpoint where we are at the present time, both with respect to our own past achievements and those of other countries, to analyse and appraise our failures and successes, to determine our goals and to enunciate policy guidelines for the future seems to me to require an examination of the problem in depth. To do as thorough a job as I am sure the Senate would want done would therefore necessitate a total inquiry, a comprehensive and exhaustive inquiry, into the whole system rather than just a concentration upon one particular part of it.

My third question is whether the inquiry should be carried out by a standing committee or by a special committee. Senator Macdonald touched upon these two points in his excellent address last Wednesday. Like Senator Macdonald I have no particular bias in favour of one or the other. The type of committee will depend to a large extent upon the scope of the inquiry to be made. We have trouble manning Senate committees now and we should not, therefore, proliferate special committees unnecessarily. A special committee would require extra staff and physical accommodation and equipment, all of which seem to be in short supply at the moment.

On the other hand, the Standing Senate Committee on Legal and Constitutional Affairs has been fairly busy and, now that we are well past the mid-point in this 28th Parliament, having regard to the committee's present agenda and the legislation still to come before it, there may not be sufficient time left in the balance of this Parliament for the standing committee to do a thorough job. I hope the sponsor of this motion will deal with these points when he winds up the debate because they would appear to require more consideration than has been indicated in the debate thus far.

I come now to the subject matter of the motion. The subject, the parole system, has been so well covered in the excellent presentations by Senators Laird, Thompson, Prowse, Macdonald and Hastings, who preceded me in this debate, that very little remains to be said. I should like, therefore, to return to the point I made earlier about the fundamental concepts and principles on which our system of criminal justice is based, particularly as they apply to our penal system and our correctional programs including parole. There are at least four distinct concepts of parole each similar to, but in some way different from, the others. For example, parole can be looked upon (1) as an act of clemency or leniency; (2) as a penological measure; (3) as a social defence measure; and (4) as a logical transitional measure applicable to all offenders.

Barbara A. Kay, Ph.D., and Clyde B. Vedder, Ph.D., both professors of Sociology and Anthropology, in their book entitled *Probation and Parole,* published in 1963, enlarge on these four concepts as follows, and I quote starting at page 94:

> The status of parole today is still disputed. It is, on the one hand, considered as an act of clemency, the granting of which depends entirely on the prisoner's conduct in the penal institution and on his repent-

ance. If parole were thus used as a favour, it would be used only in exceptional cases.

In contrast to this point of view, parole is often conceived as a penological measure in harmony with the original sentence and even, in fact, an extension of it. The individual is required to demonstrate in society his capacity to conform to the behaviour standards set by the community or be returned to the institution for further training. Such a conception of parole is closely associated both with a graduated or "progressive" penal system and with the indeterminate sentence, under which the individual demonstrates his capacity to adjust through a series of stages of greater freedom, and is then released whenever the authorities believe he is capable of adjusting satisfactorily outside the institution.

Parole is also regarded as a social defence measure. From this point of view, its importance lies especially in the fact that it offers the possibility of intervening at once in cases where further criminal behaviour is imminent. In contrast to the two previous conceptions of parole, in which the more favourable cases are given primary attention, the focus here is on those individuals who are least likely to adjust successfully in freedom. This conception also rests on a system of indeterminate sentencing, although it is applied from a point of view opposite to the one referred to above. Particularly in the absence of institutions for habitual offenders and criminal psychopaths, parole as a social defence measure is seen as providing protection to the public from a number of socially dangerous persons.

Finally, parole is conceived as the logical transitional measure applicable in principle to all offenders. Parole, in this instance, is granted in relation to the plans made by and for the individual with respect to his release and takes into consideration not only institutional adjustment but also his personality and the potential danger he constitutes to society. Eligibility is determined on the basis of a social study embracing the individual's history, activities in prison, personality and possibilities upon release. From these data are derived the conditions to be imposed as well as the nature and extent of supervision.

It is this last conception which has gained widest support today in penological circles. General public opinion, however, tends to conceive of parole as an act of clemency, and among prisoners parole is often regarded unfavourably as a social defence measure.

That the concept of clemency and leniency is most prevalent in the public mind is evidenced by the popular criticism of the parole system here in Canada by some as being too lenient and by others as not being lenient enough. Senator Macdonald and Senator Prowse in their interventions in this debate both seem to subscribe to this concept of clemency, but a handbook on parole prepared by Mr. T. George Street, Q.C., Chairman of the National Parole Board, emphasizes that parole is not leniency or clemency. On page 1 of this handbook which was obviously prepared for the guidance and instruction of prisoners, he states as follows:

> Parole is a method by which an inmate can be released from prison before the completion of his sentence, so that he can serve the balance of his sentence at large in society. However, he must obey certain rules so that society will be sure that he is living a law-abiding life. It is a means of protecting society while at the same time helping the offender take his place again in the community.

And then two paragraphs further on, he states:

> Parole is not leniency, or clemency, or mercy. We cannot grant parole simply because some member of your family is sick, or because you are needed at home, or for some other compassionate reason. We cannot allow time spent in gaol awaiting trial or an appeal. This is the function of the court only. We do not change sentences. We cannot give you back good time which you have lost.

It would appear, then, that there is some confusion as to what the real nature of parole is meant to be or ought to be. This is a matter that should be cleared up because it is impossible to chart a new course unless we have a fixed and clearly defined point of departure.

The concept of parole must to a large extent be determined by the goals to be achieved and by their order of priority and the emphasis we decide to place on them. What are those goals? Well, one is the defence and protection of society. Another is punishment for crime as a deterrent to others as well as to the offender himself. Still another is the salvage and rehabilitation of the offender and his restoration as a useful and productive member of society.

The order of priority in which we arrange these goals is all important because that will determine the philosophy and ideas which will animate the relationship of parole to the court it serves on the one hand and to the parolees on the other. If we place equal or near equal emphasis on each of these different goals, related though they are, we cannot expect to achieve maximum results. On the other hand, if we select the rehabilitation of the individual as the paramount goal, then everything else must be subordinated to this primary objective.

If social rehabilitation of the offender is our primary goal, the way our present system of parole now functions is somewhat self-defeating because it deals only with those who have been judged to have the best chance of successful re-entry into society while on completion of their sentence those who are considered the poorest risks are released unconditionally without any supervision or guidance whatsoever.

This raises the interesting question as to whether or not all prisoners should be released conditionally. On this point Professors Kay and Vedder make the following observation. I am quoting again from their book *Probation and Parole*, page 185:

> If prisoners are to be released at all, they should be released conditionally. It is unimportant what we call

this period of adjustment. As parole systems now function, we tend to defeat our purpose. The best risks for successful re-entry into the free community are selected for parole; while the poorest risks for successful adjustment are released without supervision upon the termination of their maximum sentences. Most prisoners could benefit from guidance during the community re-entry process.

Most inmates tend to idealize the "outside world" while incarcerated; consequently are in need of a "reality thrust" when they leave the restricted environment of the correctional institution.

The sentencing court performs the rite of "status deprivation" through which the offender loses his civil rights. If the offender is to be returned to the free community, and if he is expected to successfully re-adjust after his incarceration, then what may be needed is a "status restoration" ceremony. When the offender has met the conditions of release after serving the required part of his sentence, and after a period of non-recidivism (perhaps, three-five years), we should provide for a "status restoration" ceremony. This rite should include the automatic expunging of the public record. The stigma of incarceration, the loss of human dignity, deprivation of the right to self-determination, plus the discriminatory practices levelled against those with a 'record' are not conducive to successful societal participation.

Release procedures must be functionally related to the goal of rehabilitation, if this is the goal of the correctional system. Thus, all prisoners should be kept under close surveillance immediately following their release, because guidance is critical to the adjustment of the offender as an aid to reorientation, and because supervision should protect society from further redress.

Perhaps, a court approved sponsor who can meet the real needs of the conditionally released prisoner would be a partial solution to the re-entry process of our correctional systems. Now existent parole services could be upgraded if each agent would have fewer parolees to supervise. If the system of court approved sponsors could be extended, parole agents would be used for guidance and supervision only when the authorities deemed the use of skilled professional services advisable.

In this connection I should like to make a suggestion based on evidence that came to my attention as a member of the Special Senate Committee on Poverty. We are all familiar with the work of Alcoholics Anonymous where people who have conquered their problem with alcohol assist and guide others who are struggling with a similar problem. As we travelled across Canada, we came upon two or three groups in different provinces where people who had been on welfare and had managed to extricate themselves were operating as a sort of welfare council rendering assistance to those still enmeshed in the welfare system. They were not giving financial assistance but sometimes they recommended the amount. They did give them counselling, guidance, advice, and constructive criticism of their personality faults and attitudes which were preventing them from making the grade.

This kind of assistance appeared to be enormously successful. The fact that they had been through the mill and had come out on top gave them an authority and empathy with those they were trying to help which a council made up of those who had never had such an experience could never hope to achieve. I have been wondering, therefore, whether similar use could be made of those offenders who have been successfully rehabilitated.

As Senator Hastings pointed out, social rehabilitation means a change of heart and a change of attitude on the part of the offender. A change of attitude toward others and towards society as a whole requires a change in the offender's concept of himself. We tend to identify with our peers and like the rest of us the offender sees himself through the eyes of his associates. His self-concept will be based on the reaction of other people to him. If these reactions lead him to regard himself as a social misfit who has little intrinsic worth and who is expected to violate the law, then the chances are he will break the law.

Imprisonment will only reinforce this type of self-definition and this is a reason why probation, parole, and other remedial measures should be employed to the fullest possible extent, and imprisonment used as sparingly as possible and only when these other measures to protect society have failed.

Apart altogether from the social rehabilitation of the offender, there is now another factor which necessitates maximum use of parole and minimum periods of incarceration. In the U.S.A. subversive groups such as the Black Panthers are planting their agents in penal institutions to organize the prison population, to indoctrinate them and to develop in them attitudes that are hostile and inimical to our social order and democratic institutions. Their aim is to use the prisoners as hard core cadres around which recruits can be mobilized for urban guerilla warfare and other acts of violence aimed at the breakdown of law and order and the subsequent overthrow of the government.

The following are extracts from an interview with the late Black Panther leader, George Jackson, as published in *The Black Panther* of 28 August, 1971:

> Interviewer: In the past six months, a profound change has occurred in the prison population, in terms of the consciousness of the inmates, whereas before they had been easily divided by racism, which was instigated by the prison authorities. At that time they were beginning to see the prison authorities as their enemies and inmates of all races as their natural allies. Can you tell us how that consciousness developed, how extensive it is; and what forms it took?
>
> George: Well to begin with, of course, the recent influx of the political teachers, the political animals, from the Black Panther Party—I think they were first instrumental in the changes from conservatism

that prisoners in the prison population and people, in general, here in fascist America live in. At one time the prison population, the prisoner class could have been considered one of the most conservative classes in the country... We'll give credit first to the Party, and to the system for placing political teachers at our disposal here. Secondly, the support that our movement has gotten from partisans from the street, from the outside. The average convict considers himself the doomed man right from the beginning. And that ray of hope, or sense of community created by the recent expressions of solidarity from the street, that (ray) found effect on the revolutionary consciousness inside the joint. It's always been my contention that if we could raise the hard-left military and political cadre in fascist America, that cadre would come from either the prisons or the dissident elements within the armed forces.

Question: What forms did this new consciousness take?

George: To clear that up first, I'll have to go into a little background. Some years ago, the rise of the Black revolutionary...created situations here in the joint that caused polarization between all Blacks and all Whites regardless of status. And by status I mean convict-cop, convict-pig. In other words, I'm saying that the prisoner code broke down as a result of the White convicts being threatened by the political thrust and the open antipathy demonstrated by Blacks against Whites in general. At the time I guess I was part of it, too. At the time we made no efforts to distinguish between the White convict and the White guard. Because the White convicts identified openly and clearly and without reservations with right-wing ideas and racism. So when we'd strike, we'd strike with both barrels: one at the convict, and one at the pig. And some of it is our fault. Of course, revolution is a process. We're going through a process. And well, that's the background.

The new consciousness stems from the fact that like I said, the political teacher, the Black Panther "concentration camped", as a result of the political thrust on the street, brought new ideas. You know revolutionary, scientific socialism, and anti-racism. And we attempted to make them understand that we're all equally uniformly repressed by the administration.

Question: How widespread was this throughout the California penal system, when you had some success?

George: The Black vanguard within the Black political machine, within the joint is state-wide; is state-wide.

Question: What do you see as the future in the prisons? What's the relationship between the prison movement and the outside movement?

George: I'll reiterate that I feel that the building of revolutionary consciousness of the prisoner class is paramount in the overall development of a hard left revolutionary cadre. Of course the revolution has to be carried by the masses. But we need a cadre; we need a bodyguard; a political worker needs a bodyguard. We see ourselves as performing that function. The terms of existence here in the joint conditions the brothers for that type of work. Although I have become more political recently, from listening to Comrade Newton, and from reading the Party paper, I've gained political and military activities. I still see my function as military.

Honourable senators, if that sort of thing is happening in the U.S.A. at the present time, let no one think it could not happen here.

I think it was Ralph Waldo Emerson who said "the means pre-exist in the end." This is doubly true when the end objective is the social rehabilitation of an offender. Although incarceration takes away his civil rights, it does not deprive him of his human rights. He still has the right to be treated as a human being. It means, first of all, that he must be provided with decent accommodation and the ordinary amenities that one associates with a civilized life. Press reports indicate that many of our prisons or prison cells fall very short of that standard.

It requires also a very high degree of professional training, and, perhaps more important still, a proper motivation on the part of prison staff and officials whose relationships and inter-reactions with the offender can contribute so largely to his success or failure.

It is practically impossible for an offender to develop mutual trust and respect—the only basis on which a meaningful relationship can be built—or to change his self-concept as a worthless, social misfit and build up his self-esteem, self-reliance, self-discipline, along with a new concept of dignity and human worth, if he is treated as an animal or as something less than human. Without such a change in self-concept, the main purpose of correctional measures, which is improvement in his attitudes, cannot take place.

Social rehabilitation requires also that the conditions and rules under which the offender is released should be realistic and not excessively restrictive beyond what is absolutely necessary.

Honourable senators, I do not know how exhaustively the Committee on Corrections investigated the points I have raised. They are of basic importance, and clear-cut decisions on them, based on up-to-date information, must be made before any great leap forward can be taken in our system of criminal justice, our penal system, and our correctional programs. A further inquiry in depth by a Senate committee could, therefore, be very valuable. With the reservations that I mentioned at the beginning of my speech, I support the motion.

Hon. Keith Laird: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if Senator Laird speaks now his speech will have the effect of closing the debate.

Hon. Mr. Laird: Honourable senators, I have listened with a great deal of interest to Senator Carter, and I have listened to or read with similar interest the speeches of other honourable senators who have contributed to the debate.

I have chosen to wind up the debate tonight because those who have spoken were good enough to indicate that they were in favour of the motion.

The question was raised—and it was mentioned by Senator Carter tonight—as to why the resolution was so narrow and confined itself to the parole system. In reply, it seems to me that the motion, by virtue of its wording, was bound to bring in as auxiliary subjects the various matters mentioned by Senator Carter and others.

For example, I noticed with interest that Senator Hastings indicated, and rightly so, that in any examination of the parole system it would be quite impossible to overlook the operation of penitentiaries.

It is not my function to offer an opinion at this stage, because the matter should be thoroughly examined by the committee. However, from what has been said, it seems rather obvious that one conclusion to be reached by the committee is that in the operation of penitentiaries there is a marked deficiency in the number of psychiatrists and psychologists. Perhaps that is the secret. Perhaps this factor is tied in with the question of whether or not the parole system is succeeding in Canada.

I would strongly suggest that we do not enlarge the wording of the motion. By doing so we might be biting off more than we can chew. Let us take it one step at a time. One has to consider two points of view. On one side we have those who say that the increase in crime is due to the improper release on parole of prisoners. On the other side, there are those who say that it is wrong to maintain in an incarcerated condition an individual who, if he were outside, would readjust to society. This argument is too widespread to ignore. Even if we come to the conclusion, as we may, that the present system is as good as one can hope for and the present Parole Board is doing as good a job as can be hoped for, we will have served a real public need in the sense that if we properly examine and report on the matter it will remove public criticism which, I am sure, we have all heard.

It seems to me, under the circumstances, that we should conclude our debate tonight. The Legal and Constitutional Affairs Committee, I suggest, is not so overloaded with work that it cannot take on this function and do a good job. This is the type of study that this chamber and its committees are particularly well suited to make.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. A. Hamilton McDonald: Honourable senators, it is hoped that the Senate itself will meet for only a short period of time tomorrow and then adjourn until Thursday. The Standing Senate Committees on Banking, Trade and Commerce, National Finance, and Foreign Affairs plan to meet tomorrow afternoon. As we have progressed very well with the work we have to do in the chamber, I feel it would be advantageous to adjourn the house early tomorrow to enable honourable senators to attend the committee meetings.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 20, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Copies of Agreement between the Government of Canada and the Government of the Union of Soviet Socialist Republics respecting general exchanges in scientific, technical, educational, cultural and other fields. Done at Ottawa October 20, 1971.

He said: Honourable senators it is not my intention to comment on the document I have just tabled. Senator Martin will be returning to the Senate immediately upon the completion of the tour by the Soviet officials, and he will make comments on this document at that time.

BUSINESS OF THE SENATE

Hon. A. Hamilton McDonald: Honourable senators, may I ask that all items under Orders of the Day stand? As I informed honourable senators yesterday, three of our standing committees are sitting this afternoon. The Committee on Banking, Trade and Commerce and the Committee on National Finance will meet at 2.15 p.m., and the Committee on Foreign Affairs will meet at 3.30 p.m.

It seems to me, and to those with whom I have discussed this matter, that we are well advanced in our work in this chamber and that it would be to our advantage to use our time this afternoon in committees. Therefore, if there is agreement, I will ask that all the orders stand and then I will move the adjournment of the house.

Hon. Mr. Flynn: There is one clarification I should like to obtain from the acting leader. A few moments ago he spoke of the return to the chamber of the Leader of the Government. Do I understand that when the bell rings we are to come back? I think we should adjourn now until tomorrow, and the leader can make his comments at that time.

Hon. Mr. McDonald: Apparently there is a misunderstanding. Senator Martin will be travelling with Premier Kosygin during his tour in Canada. I was referring to the remarks that Senator Martin will be making on his return to the chamber next week.

Hon. Mr. Flynn: I thought you meant later today.

Hon. Mr. McDonald: No, at a later date.

The Hon. the Speaker: Honourable senators, is it agreed that items 1 to 7 under Orders of the Day stand?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 21, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Report of the Canadian Film Development Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 20 of the Canadian Film Development Corporation Act, chapter C-8, R.S.C., 1970.

Supplementary Report of The Canadian Wheat Board on the 1969-70 Pool Account for Wheat for the period August 1, 1969 to April 30, 1971, certified by the Auditors, pursuant to section 7(2) of the Canadian Wheat Board Act, chapter C-12, R.S.C., 1970.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. A. Hamilton McDonald, with leave of the Senate and notwithstanding Rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until Tuesday, October 26, 1971, at 8 p.m.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

ESTABLISHMENT OF JOINT COMMITTEE—MESSAGE TO COMMONS

Hon. A. Hamilton McDonald, with leave of the Senate and notwithstanding Rule 44(1)(a), moved:

That Rule 67(1) of the Rules of the Senate be amended by relettering paragraphs (d) to (k) inclusive as paragraphs (e) to (l) inclusive and inserting, immediately after paragraph (c), the following as new paragraph (d):

"(d) The Joint Committee on Regulations and other Statutory Instruments, to which shall be appointed eight senators.";

That a message be sent to the House of Commons to acquaint that house that the Senate agrees to unite with that house in the establishment of a joint committee of both houses for the purpose of reviewing and scrutinizing statutory instruments standing permanently referred thereto by section 26 of the Statutory Instruments Act; and

That the Senate will appoint eight of its members, to be designated at a later date, to serve on the said joint committee.

He said: Honourable senators, the purpose of this motion is to enable us to join with the members of the House of Commons in a study of regulations and other statutory instruments.

Motion agreed to.

WEATHER MODIFICATION INFORMATION BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill S-11, to provide for the obtaining of information respecting weather modification activities.

Hon. Harry Hays moved that the amendments be concurred in.

He said: Honourable senators, on March 23 the Senate gave third reading to this bill and sent it to the House of Commons for consideration. It was seen fit in the other place to amend the bill, and clause 5 was deleted and a new one substituted therefor.

Clause 5, before amendment, read as follows:

DISCLOSURE

5. Any information obtained by the Administrator or his authorized representative pursuant to this Act may be made public or made available on request to any member of the public, but where the information (a) relates to the equipment, materials or method used or to be used in carrying out a weather modification activity, or (b) is contained in papers filed under the *Patent Act* in connection with an application for a patent that is still pending or has been abandoned, such information shall not be made public without the written consent of the person who carried out or proposes to carry out the weather modification activity to which the information relates.

The new clause 5 reads:

> Any information obtained by the Administrator or his authorized representative pursuant to this Act may be made public or made available on request to any member of the public.

In reviewing *Hansard* and the committee proceedings it is quite obvious that clause 5 was repetitious. The amendment does not change the meaning, but improves the wording.

Amendments concurred in.

COMBINES INVESTIGATION ACT

BILL TO AMEND—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the honourable Senator Benidickson, P.C., seconded by the honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(Honourable Senator Benidickson, P.C.).

Hon. W. M. Benidickson: With the consent of honourable senators, I should like this Order to stand until November 4.

Order stands.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

CONFERENCE AT KUALA LUMPUR, MALAYSIA—DEBATE CONCLUDED

The Senate resumed from Wednesday, October 13, the adjourned debate on the inquiry of Hon. Mr. Grosart, calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association, held at Kuala Lumpur, Malaysia, September 3 to 18, 1971, and in particular to the participation therein of the delegation from Canada.

Hon. Allister Grosart: Honourable senators, I have in my hand the official report of the Canadian delegation to the Seventeenth Annual Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia from September 3 to 18 of this year. On October 13 last, in my brief introductory remarks on the notice of inquiry standing in my name, I indicated that I would ask leave to have this report, which has been approved by all members of the delegation, appended to our proceedings today. I now ask for that leave.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 1378-81*).

Hon. Mr. Grosart: I thank honourable senators for their indulgence. I hope they are not under the impression that it disposes of the matter, because I feel that it is important on this occasion to bring other aspects of the proceedings to the attention of the Senate, whose representative I was together with Senator Cameron.

Senator Cameron has already given the chamber what, I am sure all will agree, was a very instructive and enlightened account of what went on at this very important conference in Malaysia.

Some 200 delegates and observers were present, representing the 32 independent nations of the Commonwealth. There was some question in the minds of academics whether the number was 31 or 32, having in mind the status of a very small island in the South Pacific, namely, the independent Republic of Nauru. Though it has a population of only 6,000, it is an independent nation with a special relationship in the Commonwealth.

There were, of course, delegates from many other legislatures in the Commonwealth to which are attached branches of the C.P.A., and that accounts for the total of some 200 delegates and observers.

I find myself in general agreement with, and, indeed, in admiration of, Senator Cameron's remarks. I am glad to see him here because I am sure he will not mind if I make a small qualification in respect of one remark he made. Referring to me, Senator Cameron said:

> With his typical Irish intransigence he found himself from time to time at odds with certain members of the delegation from the United Kingdom.

I have no objection whatsoever to the first part of that remark, because it is true that I was born in Dublin, Ireland. It is equally true that I have made no claim at any time to invariable amiability in all circumstances and situations. Indeed, if that is a quality properly ascribed to me, some of it may have come indirectly from Ireland in view of the fact that for some seven years it has been my privilege to sit beside my distinguished and eloquent colleague, Senator Grattan O'Leary. It may well be that some, though I regret not all, of his qualities have rubbed off on me in those years. However, it is far from my intention to attempt to blame him for any intransigence I may from time to time be guilty of in this chamber or elsewhere.

On the matter of disagreement with members of the United Kingdom delegation, I think it is fair to say that my disagreement was on certain matters of direct interest to Canada as well as to other member nations. It was not with any persons or personalities in the United Kingdom delegation. I did object, and with some success, to certain recommendations made by the Executive Committee to the General Council, and through the General Council to the general meeting of the association. It so happens that the Executive Committee has in its senior personnel a number of members of Parliament from the United Kingdom. But it is also fair to say that the Executive Committee consists of representatives from all the regions of the Commonwealth, and it was not my intention to make any individual group of members responsible for any recom-

mendations to which I might have taken objection. Indeed, there is one distinguished member of the Executive Committee, who over the years has certainly upheld the Canadian interest and who, like many others, has done much to increase the ties that bind us together in the Commonwealth. I refer to Mr. Jimmy Walker, the former chief Liberal whip and former Parliamentary Secretary to the Prime Minister. He is one who certainly cannot be regarded as being responsible in any way for any recommendation that in the judgment of himself and his colleagues on the Executive Committee would be disruptive of the Commonwealth, or against Canadian interests.

My disagreements were with some recommendations of that Executive Committee, and, if honourable senators are interested in the substance of those objections, they will find them in the report which will be appended to our proceedings today—a report which, I reiterate, had the approval of all members of the delegation including the leader, the Honourable George McIlraith, Senator Cameron, and members of the House of Commons, Mr. Douglas, Mr. Coates, Mr. Guay, and Mr. Rodrigue. Mr. Walker, whom I mentioned a moment ago, was there as the Canadian regional representative. He was not as such a member of our delegation.

Honourable senators, I gave considerable thought to what message I might bring back to this chamber from Malaysia. As I have said, I was one of your two representatives. As I was making some notes on impressions I received during the conference there kept ringing in my ears the words spoken by the Prime Minister of Malaysia at the opening ceremony. I regard his speech as one of the greatest I have ever heard. If it is not too extravagant to say so, I regard it as of considerable historic importance, because it dealt with what is almost certainly the greatest issue facing the Commonwealth, if not indeed the entire world. I refer to the method, the timing, and the extent to which what we know as the Westminster tradition of parliamentary government can or should be adapted to the developing nations of the world, particularly those of the Commonwealth. We inherited that tradition in Canada as we emerged from colonial status. Other emergent nations freely admit to having inherited that tradition, and in many cases—perhaps in all cases—they are doing what they can to apply those principles to the difficult social, economic, and political circumstances they find in the new world into which they have emerged.

Those of us who have lived a long time with these Westminster traditions are prone to criticize other countries who vary them, and who take constitutional and other steps that appear to us to abridge them fundamentally, The message that I bring back from Malaysia is that we should be infinitely more tolerant than we are, and we should be infinitely more informed about the conditions that have made many of these modifications necessary. Moreover, perhaps we can learn much from the skill with which they have made the adaptations they have found necessary in their own circumstances.

With that introduction, honourable senators, I ask your indulgence while I read to you a considerable portion of this great and historic speech made at the opening ceremony by the Prime Minister of Malaysia, whose short title is Tun Haji Abdul Razak bin Hussein. I have tried to abridge it, but I found that very difficult to do. However, I have made a few abridgements. I believe it is a speech which fully merits a place in the official proceedings of this chamber. Among other things, the Malaysian Prime Minister, speaking to the delegates, said:

> As you well know, the transformation of an empire into a commonwealth of free nations is one of the wonders of modern history—a process which ensures that after the political ties have been severed, the military and economic ties weakened, there still remains the important ties of good will.
>
> Thus, the Commonwealth today represents a network of personal and institutional relationships which defy any simple description... In other words, we have been the recipients of a most intricate and successful case of multiple transplant. The judicial and parliamentary systems, together with the administrative machinery, provided the first sinews of early nationhood. We were imbued with the principles of democracy and inherited not only the institutions but the instincts of the British system of democracy. Therefore, for those of us who were educated in the British tradition, the possibility of forsaking such deeply rooted and deeply cherished ideals as the rule of law and equality of man before the law seemed unthinkable.
>
> Nevertheless, we cannot fail to note that this parliamentary system of democracy has not succeeded in many of the new nations that have gone through the process of transformation from colonial territories into independent nations.
>
> It must be clear to us that the Westminster model of democracy does not transplant automatically. it needs suitable environmental conditions; otherwise—

And here, to my mind, is a brilliant metaphor.

> —the receiving tissue will reject the transplant.
>
> We cannot, therefore, follow the British system of democracy blindly without comparative economic and social foundations. It is, therefore, precisely in the developing countries, with their incubus of poverty and instability, that parliamentary institutions find uncertain place in the midst of rapid social and economic changes.
>
> Our search for national identity inevitably leads to political experiment; mutations develop in the constitutional structure simply in order to make it work better. Subtle forms of trespass at first begin to erode the parliamentary process until, in some extreme cases, the very concept of democracy is abandoned and decried.
>
> The result is that many people, whilst sharing the ideals of British parliamentary democracy, are sceptical of its chances of survival under conditions different from those found in Western Europe. It is also clear from experiences in some countries that democracy will not grow and flourish by merely adopting initially a democratic constitution.

> Therefore, this morning, I propose to explain to you our experience of democracy in this country and our Malaysian concept of democracy. I hope I can do this with frankness, as must be the practice in the Commonwealth Assembly such as this.

Perhaps at this point I may digress to remind honourable senators that Malaysia, since it achieved its independence, has gone through some very difficult stages. As the Prime Minister points out, it is a country of many diverse races. According to the 1967 census there are 4.3 million Malays, 3.5 million Chinese, 1 million Indians and Pakistanis, 200,000 or 300,000 members of more or less indigenous races, particularly in East Malaysia; that is, in Sarawak and Sabah.

This is one of the new Commonwealth countries which has been confronted with an attempted communist take-over. It resisted that take-over. It has been faced with internal strife—racial strife. As I read some further remarks of the Prime Minister, I am sure honourable senators will see many close comparisons with some of our Canadian experiences. The Prime Minister continued:

> From May 13, 1969 to 20th February, 1971, this country was under emergency rule. Parliament was suspended and the supreme executive and legislative powers were vested in the Director of Operations who exercised these powers on the advice of the National Operations Council.
>
> We came under criticism from some quarters, from those who feared that this state of affairs would remain a permanent feature of the government of this country. Generalizing from experience in some other parts of the world, they saw this as a prelude to a military regime with the Director of Operations cast in the role of Dictator.
>
> However, as soon as we were satisfied that the security situation had improved sufficiently, we voluntarily divested ourselves of the emergency powers and reconvened parliament in February this year. This fact, in itself, is clear evidence of our faith in the concept of parliamentary democracy and our determination to uphold and practise it.
>
> Now, today, parliament is once again supreme in this country—that the nation has accepted certain restrictions on the democratic process is a sincere and practical attempt to make it workable and acceptable to a new set of political and social facts.
>
> Naturally, there may be misgivings among some who see democracy only in terms of a rigid conformity with the Westminster model. We, however, hold the view that, while we acknowledge and respect the Mother of Parliaments, such a mother may produce diverse offsprings—each one the individual product of environment as well as of inheritance.
>
> The Malaysian type of democracy is the one we feel best suited to the needs of our unique multi-racial society. It has had to be adapted to realities of economic and social conditions. It is not always possible for a developing country to achieve the standard of democratic practice equal to that of a country which has had experience for centuries.
>
> In 1957, we in Malaysia—then Malaya—set out trying to do this very thing. However, we were following a system rooted in a relatively homogenous community that had also reached a degree of social cohesion to which we ourselves were not quite ready to aspire. We were probably guilty of over-idealizing the Westminster model. Today, we have sought to apply a corrective balance suitable to our circumstances and acceptable to our people.
>
> In our country, the principles of democracy are as fixed and abiding as ever and we have never departed from our fundamental democratic values.
>
> It is true that we have made adjustments in our constitutional framework; and, for a short time, we were compelled by circumstances to sacrifice some freedom in order that that freedom could ultimately be protected and preserved.

I may say, in passing, that that particular argument is one recently used—and used properly, I think—in our own Canadian context. Continuing, the Prime Minister said:

> The view we take is that democratic government is the best and most acceptable form of government. So long as the form is preserved, the substance can be changed to suit conditions of a particular country. We recognize that each nation must develop, according to its own light, its own chosen political and economic systems and that the developing world has a special need of an articulated political system suited to its own problems.
>
> The major concerns of Malaysia, ladies and gentlemen, are communalism and militant communism. These are problems which, by their very nature, impose constraints on any completely liberal concept of democracy. The attempt to evolve a reasonable and workable system for ourselves, however, is not a bid to abandon democracy at any fundamental level, but an earnest and sincere attempt to make it work here in our country and to make it answer the imperatives of racial and social integration towards greater progress and stability.
>
> For those who doubt this, comparison may be made with those nations who have discarded the Parliamentary system. For Democracy to work, it must produce results. It must demonstrate that the one-man-one-vote system can produce an honest and effective government, working through an honest and effective administration, in the interests of its people. If the people lose faith in this system, then they will look for other alternatives.
>
> Let us consider our case—the case of Malaysia. At the very outset of our Independence, our loyalty to Democratic values was severely tested in the crucible of the Emergency created by Communist terrorism. Our doubtful critics should remember that the Communist menace which we experienced was not only a

proving ground of Democracy in Malaysia, but was in fact the ground on which the seeds of Democracy were grown.

We are essentially a Government elected by the people, for the service of the people. We have held elections four times and practised Parliamentary Democracy for 14 years. We hold free elections, and the machinery of Government between elections operates to serve the public, through processes intelligible and visible to the public and subject to public criticism. Rule is by consent.

We support and practise the Party system and believe in a loyal Opposition whose role is to keep Government under critical surveillance and provide an alternative Government, if necessary. Every five years, ladies and gentlemen, we hold our breath as we seek a fresh mandate from the people.

Independence brought the unique opportunity of nation building to occupy the thoughts and energies of our people. This involved the high responsibility of devising a written Constitution.

Again this is an echo of our own contemporary Canadian experience. The Prime Minister continued:

We sought to enshrine the guiding principles of Democracy along with our aim of achieving a meaningful and purposeful philosophy to meet the special circumstances of our environment.

We are a country of many races, and, therefore, many different cultures. Full protection of individual rights is guaranteed under the Constitution. Special provisions also exist to guard against any form of discrimination for reasons of race, religion or colour. There is a provision safeguarding the special position of the Malays and other natives as well as the legitimate interests of other communities.

The struggle for political justice has yielded to a new struggle for social justice. Skill and technique had to be applied to the delicate handling of a racially mixed community.

Our problems here are unique. In no other country is the balance of major communities so delicate. In no other country are political and economic powers divided so sharply along communal lines. The Constitution was, therefore, an attempt to lay secure foundations to preserve peace and harmony among our people of various races.

Some two years ago, in May, 1969, our Constitution was molested by forces destructive to the Rule of Law. The very foundation of this Rule of Law and the safety and security of our people compelled us to invoke Emergency Rule.

Again a Canadian echo.

However, the aim of the Emergency Government was solely to restore law and order and prepare the Nation for the return to the Parliamentary processes which, as you know, were clearly vindicated in February this year.

However, the social, economic and political problems which brought about our crisis cannot be erased overnight. So, therefore, sincere and persistent efforts must be continually made by all our people in a genuine attempt to foster harmony, goodwill and complete unity, which are vital for the foundation of the peace, stability and integrity of our country.

Certain vital priorities and issues emerged from this tragic passage in our history that could no longer be swept under the carpet. We had to think afresh, in order to construct a political framework on an unshakeable and firm foundation consistent with the realities of our multi-racial society and our economic conditions. We could not use the Westminster yardstick of 1957 in Malaysia in 1971, as to do so would have been to miss a valuable lesson in history.

We, therefore, had to give our people a new sense of direction and re-set the compass of our country. We formulated the Runkunegara, which in English meant National Ideology and, at the same time, amended our Constitution.

The Runkunegara proclams the basic principles underlying our Constitution, and includes a declaration of our belief in the Democratic way of life. It was intended as a synthesis of thoughts and feelings that have evolved in our common history as a Nation.

The Amendments to the Constitution are, in fact, a pre-condition for the Malaysian concept of Democracy.

Our Constitution, Ladies and Gentlemen, was originally drawn up in wise and judicious recognition of the multi-racial nature of our society and the countervailing interests of our different communities. The delicate balance we reached, as long as it had the agreement of all concerned, was the main foundation of our collective existence.

When this balance was upset, the trouble began and these provisions became "sensitive issues". These issues came under persistent attack for purposes of political gains in the Elections. They became the subject of heated controversy and, therefore, the focus of historical prejudices, emotionalisms were abused for individual, selfish and anti-National interests! What had been intended as safeguards became a threat to our survival.

We found ourselves in the unique and explosive situation in which the freedom of speech upheld by Democracy was being exploited to such a degree that our national security was challenged by the democratic process itself.

This situation, which I describe as unique, such as the West has seldom found itself in the parallel position, where liberal Democracy can be made the instrument by unscrupulous and ruthless elements to undermine the very foundation of the Nation.

And I again interject a comment of my own, that that experience is not entirely unique to Malaysia. We have had some experience with it here in Canada, and for that reason should understand better than we may have in the past the problems and solutions faced by a country such as Malaysia.

> The aim of the Constitutional Amendments, therefore, was to remove the sensitive issues from the realm of public debate and to ensure the smooth functioning of Parliamentary Democracy. Certain provisions were entrenched to assure our people that their rights and privileges under the Constitution could not be threatened. As an enforcement and deterrent measure, the Sedition Act was passed. A National Unity Council was set up, composed of people from all parties and all walks of life, to assist in formulating long-term and permanent solutions to our racial problems.
>
> The Amendments to the Constitution were fully debated in Parliament and approved by an overwhelming majority of both Houses. They were, therefore, not imposed by direct rule, but made Law by the duly elected representatives of our people.

Again perhaps a lesson to some other countries, including our own, when in emergency situations we have a tendency to resort to Orders in Council to achieve these things, rather than to have in advance approval, as the Prime Minister said "by an overwhelming majority of both Houses."

> Nevertheless, these Amendments have been questioned by other as curbs on a truly Democratic system. But, as far as I am aware, no State which had a Democratic Constitution, translates the right to freedom of speech into an absolute right. Even in America, freedom of expression enjoys no absolute immunity from constitutional limitations, but must be measured by standards that satisfy the First Amendment.
>
> The Malaysian concept of Democracy subscribes also to the need to balance individual interest against the general security of the State. Our concept may not necessarily be suitable for other peoples but it meets with the national temperament and accords with the realities of contemporary society in Malaysia.
>
> Finally, may I reiterate that our Malaysian formula does not depart from the true spirit of Democracy. We have, in fact, re-dedicated ourselves to such basic principles as loyalty to King and Country, the upholding of the Constitution and of the Rule of Law.

Perhaps I may interject again, honourable senators, and say with respect to that mention of loyalty to the King, that Malysia happens to be, as far as I know, the only country in the world where the King is elected. The heads of the states comprising some of the present Federation of Malaysia periodically elect, from among their own number, a new King. I am not suggesting that as a parallel to be considered in the revision of our own Constitution, at present under study by a joint committee of both houses.

> We are a society pledged to the concept of equality. Under the representative system, as opposed to Custodian-type Colonial rule, the moral and legal authority underlying Government derives from the interests and welfare of our citizens.
>
> My Government, the Government of Malysia, is actively regulating and rectifying the inequalities in our society in the interests of economic Democracy. If I may quote from Aristotle—"The State comes into being that men might live; it continues that men might live well".
>
> Economic Democracy tries to ensure a fair share for all and in any prosperity this country achieves, a place in our country for all our citizens. But, in order to achieve this, we have to take positive measures in earnest to eradicate poverty as a democratic aim in order to establish a just and stable society.
>
> We would do well to remember, Ladies and Gentlemen, that in the West, social systems tend to be more supportive of Democracy. Here, under the threat of hostile counter-influences, there is a correspondingly greater need for commitment to the Democratic ideal.
>
> It can be contended that in Malaysia we continue to defend the cause of Democracy as fervently as we did through 12 years of the Emergency, by posing a workable alternative to the Communist ideology. To this end, we have devised an institutional framework that assures each community in this country that its right and freedom are entrenched and cannot be abrogated by the other.
>
> This is the Malaysian concept of Democracy and with the help of Almighty God, we will strive to uphold this concept, nourish and nurture it for all time.

Honourable senators, I hope that my reading of that speech—far less eloquent than its original presentation—will validate my opening statement that it was a great speech, and an historic document which deserves a place in our proceedings.

The Hon. the Speaker: As no other honourable senator wishes to speak in the debate, this inquiry is considered as having been concluded.

BUSINESS OF THE SENATE

Hon. A. Hamilton McDonald: Honourable senators, items 8, 9 and 10 have been on our Order Paper for some time. One stands in my name, one in the name of Senator Langlois and one in the name of Senator Hays. It is my understanding that at the moment no one wishes to speak on any of these items. If any honourable senator intends to speak on any of them he should let the officials know before Tuesday next, otherwise they will be removed from the Order Paper.

In view of this, I ask that items 8, 9 and 10 stand.

The Hon. the Speaker: Perhaps the honourable Senator McDonald will permit me to point out that item 10 is a motion and is of a different character to items 8 and 9, which are subjects of inquiry. When Item 10 is called next week, Senator Cameron should state whether he is agreeable to having it removed from the Order Paper. In the meantime, items 8, 9 and 10 stand.

The Senate adjourned until Tuesday, October 26 at 8 p.m.

23351—87

APPENDIX

(*See page 1372*)

COMMONWEALTH PARLIAMENTARY ASSOCIATION

REPORT BY THE CANADIAN MAIN BRANCH DELEGATION

The 17th Annual Conference of the Commonwealth Parliamentary Association was held in Kuala Lumpur, Malaysia, from 3-18 September this year.

The Canadian Main Branch delegation consisted of seven delegates as follows:—Hon. George McIlraith, P.C., M.P. (Leader), Senator Allister Grosart (Chairman of the Branch), Senator Donald Cameron, Robert Coates, M.P., T. C. Douglas, M.P., Joseph Guay, M.P., Romuald Rodrigue, M.P.

The delegation from the Canadian Provincial Branches consisted of Premier Gerald Regan of Nova Scotia, Speaker Fred Cass (Ontario), Speaker Peter Fox (Manitoba), Speaker Charles Miller (Prince Edward Island), Guy Leduc, M.H.A. (Quebec), Dr. Howard McDiarmid, M.L.A. (British Columbia), Charles McIlveen, M.L.A. (New Brunswick), Charles Meakes, M.L.A. (Saskatchewan). Elections in Alberta and Newfoundland prevented the attendance of delegates from those provinces.

Delegation secretaries were Ian Imrie (Main Branch) and Gordon Barnhart (Provincial Branches).

Mr. James Walker, M.P., attended as the Canadian Regional Representative.

The Conference Opening

Approximately 200 delegates, official observers and delegation secretaries from all parts of the Commonwealth were in attendance at the Conference which was opened in the Parliament House (where all conference sessions were held) by H. M. the Yang di-Pertuan Agong, Head of State of Malaysia. He reminded the delegates that this was the second time within the past decade that Malaysia had been host to a Commonwealth Parliamentary Conference. In 1963 the 9th Commonwealth Parliamentary Conference had met in a "younger Malaysia still in the throes of a bitter struggle for national survival." Malaysia had in the interim progressed rapidly. He paid tribute to the beneficial effect both to Malaysia and to the World Community of the Commonwealth of Nations, and particularly of the Commonwealth Parliamentary Association for its frank discussions of political, economic and social problems in an atmosphere of mutual tolerance that exists in no other comparable body in the world today.

The Prime Minister

The Prime Minister of Malaysia, Tun Haji Abdul Razak bin Hussein, also welcomed the delegates. He acknowledged the bond of common heritages between all Commonwealth Nations, but also observed that the "Westminster" system of parliamentary democracy cannot be transplanted automatically to all the new nations of the Commonwealth as they emerge from colonial status to full independence. This, he said, is one of the critical problems of the developing countries. Speaking frankly about the experience of his own country, the Prime Minister referred to the suspension of Parliament in Malaysia and Emergency Rule which took place between May 1969 and February 1971. He acknowledged the criticism that had been directed at Malaysia about this from some quarters. This was, however, a necessary step forward in the struggle for national survival against forces, internal and external, that were seen to be seriously eroding the whole process of parliamentary democratic government in Malaysia. It was undertaken, he said, with full understanding of the values inherent in the "Westminster" system of parliamentary democracy, in the rule of law and in the equality of man before the law. Temporarily, the Nation had accepted certain restrictions on the democratic process in a sincere and practical attempt to make it workable. "Today, Parliament is once again supreme in this country. The principles of democracy are as fixed and abiding as ever. The view we take is that Democratic Government is the best and most acceptable form of government."

A new Constitution, the "Runkunegara" has been adopted to incorporate the principles of parliamentary democracy within the special circumstances of the Malaysian political environment. Malaysia is a country of many races and many different cultures. "Special provisions also exist to guard against any form of discrimination for reasons of race, religion or colour. There is a provision safe-guarding the special position of the Malays and other natives as well as the legitimate interests of other communities."

The unique problem of Malaysia lies in the exceptionally delicate balance of the major ethnic communities. "In no other country are political and economic powers divided so sharply along communal lines." The new Constitution recognizes the multiracial nature of Malaysian society and the varying interests of the different communities, and also the need to balance individual interests against the general security of the State. It was adopted, the Prime Minister told the delegates, after a full debate in Parliament and approved by an overwhelming majority of both Houses.

The Chairman

The delegates were also addressed by the Chairman of the Conference, the Hon. Tun Tan Siew Sin, Minister of Finance of Malaysia and a recent visitor to Canada, as guest of the Canadian and P.E.I. Branches of the C.P.A., who reminded the delegates that the Parliament Buildings in which the opening ceremonies and Conference were taking place were, in fact, first officially

utilized by the 9th Commonwealth Parliamentary Conference in 1963.

The Vice-Chairman

The Vice-Chairman of the Association, the Hon. R.J. Sembereka of Malawi addressed the delegates as representative of next year's host branch for the 18th Commonwealth Parliamentary Conference.

Subjects of Discussion

Discussions were carried out in five plenary sessions three of which were devoted to "The Commonwealth and Problems of World Security", and two to "Problems of the Environment". In addition, two Committees sat concurrently for three sessions each to discuss "Challenges to Parliamentary Democracy", and "Economic Development". Canada was selected to give the opening speeches in the debate on "Pollution and Control", and "Preservation of Endangered Wildlife". The opening presentation was made by the Leader of the Canadian delegation, the Hon. George McIlraith.

General Council and General Meeting

The General Council met several times to consider the recommendations made by the Council's Executive Committee when it met early in the year for the first time in Canada at Charlottetown. One full General Council session was devoted to the consideration of a special report of the Executive Committee dealing with proposed amendments to the Constitution of the Association. During the meetings of the General Council the Canadian Branch was represented by its Chairman, Senator Allister Grosart, and the ten Canadian Provincial Branches, first by Mr. Speaker F. M. Cass of Ontario and later by Premier Gerald Regan of Nova Scotia.

The Charlottetown Report of the Executive Committee* contained several items of particular interest to the Canadian Branch. The Canadian Councillors took exception to two recommendations made by the Executive Committee, one that a proposed exchange of information and observers between the C.P.A. and the International Association of French-Speaking Parliamentarians should not be approved on the grounds that the purpose of the latter Association was "not primarily parliamentary". Senator Grosart termed this a "gratuitous comment" about an Association of which the Canadian Parliament was a co-founder and currently host to its 3rd Annual Conference in Ottawa. He pointed out that the C.P.A. has for some years exchanged information and observers with the Inter-Parliamentary Union, in which most, if not all, of the AIPLF member-countries also participate. He suggested that the C.P.A. in this and other recent "judgment" decisions might be becoming more inward-looking than the Commonwealth itself.

The Executive Committee recommended against a proposal from the former Speaker of the Saskatchewan Legislative, the Hon. James Snedker, that a provincial Branch, now entitled to only one delegate, should be permitted to also send an observer to C.P.A. Conferences, entirely at the expense of that branch. Among other reasons put forward was the desirability of having both the Government and Opposition parties represented. The Executive Committee had based its decision on the possible problems any substantial increase in the number of observers might pose for the smaller host countries.

The Canadian Main Branch representative appealed to the Council for reconsideration of the Executive Committee's decision.

The Executive Committee gave careful consideration to the Canadian objections and modified its recommendations in respect of the AIPLF and Saskatchewan requests.

The Constitution

Suggested amendments to the Constitution by the Executive Committee (circulated to all the member-branches last summer) were considered by the General Council in Kuala Lumpur. The revised Constitution as approved will be circulated shortly to all Canadian Branch members. Eight additional amendments were submitted to the General Council on behalf of the Canadian Branch. These were considered by the Council, along with seven other amendments proposed by other branches. Most of these were of a purely technical nature and need not be outlined here. However, Canadian Branch members might be interested to know that of the eight amendments proposed by the Canadian Branch, six were accepted by the Council. An important amendment proposed by the Maharashtra (India) Branch, in co-operation with the Canadian Branch, was accepted by the Council. Its effect is to provide for independent status for provincial and state branches in federal states, i.e. Canada, India, Malaysia and Australia, by mutual agreement.

Branch Representation

Some dissatisfaction has been expressed from time to time by the Canadian Federal Branch and some of the Provincial Branches with the number of delegates allotted by the Association at the annual conferences. This has been fixed since 1967 at seven from the Federal Branch and one from each of the ten provinces. Branches are assessed an annual financial contribution which is in part related to the

Members of the Executive Committee of the General Council of the C.P.A. are: Sir Fredric Bennett, M.P., (United Kingdom), Chairman; Hon. Aleke Banda, M.P., (Malawi), President of the Association, and Vice-Chairman; Rt. Hon. Sir Alec Douglas-Home, M.P., (United Kingdom), Vice-President of the Association; Hon. Tun Tan Siew Sin, (Malaysia); Mr. Bryant Godman Irvine, M.P. (United Kingdom), Hon. Treasurer of the Association; Hon. Roy McNeill, M.P., (Jamaica); Hon. P. A. Kisumo, M.P., (Tanzania); Dr. the Hon. G. S. Dhillon, M.P., (India); Hon. J. C. O. Hadson-Taylor, M.P., (Sierra Leone); Hon. F. R. D. Bandaranaike, M.P., (Ceylon); Mr. W. F. Nankivell, M.P., (Australia); Mr. James E. Walker, M.P., (Canada); Hon. Dr. Guido DeMarco, M.P., (Malta); Hon. P. L. B. Pitt, M.P., (Trinidad & Tobago).

number of delegates allotted. Some provinces have felt that one delegate annually is inadequate. The Federal Branch may be entitled to greater representation on the basis of its status as a Main Branch and the size of its financial contribution. This would facilitate a better balance of representation between the various parties in both Houses.

The amended constitution now provides for a 5-year review of both Branch representation and financial contributions. The next review will be undertaken by the Executive Committee at its meeting next May in Singapore. The elected officers of the Canadian Federal Branch will consult its members and the provincial branches and the Regional Representative (Mr. James Walker, M.P.) as to what action, if any, we should take on this matter.

A major change in the Constitution proposed by the Executive and endorsed by the Council enables the Association to be registered as a charitable organization in the United Kingdom, exempt from certain United Kingdom taxes,—an annual saving of some £8,000.

In another amendment, the categories into which branches of the Association were divided was reduced to four: Unitary Main Branches, Federal Main Branches, State and Provincial, and Auxiliary Branches. Of special significance to Canada is that it is now possible for the Yukon Territorial Council and possibly also the Northwest Territories Council to obtain membership in the C.P.A. It is hoped that these legislative bodies will consider joining the other eleven Canadian branches in the Association, although it may be necessary to propose a further liberalization of the Association rules to allow them delegate representation.

Participation by Main Branch Delegates

All the Federal Branch delegates participated actively in the Conference sessions and seminars, dealing both with previously assigned topics and in ensuing discussions. In keeping with the now well-established practice, they came fully briefed following a two-day session in Ottawa with the Malaysian High Commissioner and his staff and senior Canadian public service officials. To these were added a most useful briefing on arrival in Kuala Lumpur by the Acting High Commissioner, Mr. Neil Haffey and members of his staff. Mr. Haffey and others attended many conference sessions and were of the greatest possible help to the delegation in many ways, including hospitality arrangements for delegates to meet Canadians engaged in business and social service activities in Malaysia. All delegates were impressed with the thorough knowledge and understanding of Malaysian affairs by our official representatives.

The specific subjects on which Federal Branch delegates addressed the Conference are indicated in the attached summary of the Conference agenda. A full verbatim Report of the Conference sessions is being published and will indicate the full extent of Canadian participation in the proceedings.

Conference Tours

During the first week delegates had an opportunity to familiarize themselves with many aspects of life in the beautiful capital of Malaysia and to visit four of the eleven mainland states: Selangor, Negri Sembilan, Malacca and Penang. In Selangor they visited the famous pewter and batik industries and were magnificently received by H.R.H. the Sultan of Selangor. In Negri Sembilan, they were entertained at luncheon by H.R.H. the Yang di-Pertuan Besar. In the historic city of Malacca delegates visited the ancestral home of the Chairman of the Conference, the Honourable Tun Tan Siew Sin, and were guests of the Governor at a colourful display of traditional folk dancing and an exhibition of the lively art of self-defence.

Delegates were flown to the Island State of Penang in the Northwestern part of the Malaysian Peninsula, where they were guests of the Penang Legislative Assembly, which had, coincidentally, just formed the newest branch of the C.P.A. They were entertained at dinner by the Speaker of the Assembly and visited a number of picturesque points of interest on the Island, including the famous Snake Temple. In Kuala Lumpur delegates were given a most instructive tour of the Rubber Research Institute Experimental Station just outside the capital.

1972 and 1973 Conferences

An invitation was accepted from the Malawi Branch to hold the next (18th) C.P.A. General Conference in that country in the early fall of 1972. The 1973 conference (19th) will be in the United Kingdom and the 20th C.P.A. General Conference in Ceylon in 1974.

Post Conference Tours

A number of Malaysian State Branches, among them Pahang and Trengganu in West Malaysia and Sabah and Sarawak in East Malaysia, generously invited a few delegates each to visit those States for a few days following the conclusion of the conference in Kuala Lumpur.

Conference Arrangements

In the view of all of the Canadian delegates and wives the program and conference arrangements organized by our Malaysian hosts were of the highest quality throughout the entire visit. We record our sincere thanks to the Chairman of the Conference, the Hon. Tun Tan Siew Sin, for his brilliant direction of the entire undertaking; to the Deputy Chairman, Hon. Enche Mohamed Khir Johari for his untiring efforts and to the Secretary of the Malaysia Branch Enche Ahmad bin Abdullah and all his staff for the planning and carrying out of their many onerous duties and for the long hours they devoted to our welfare.

General Council Secretariat

We must also record our great indebtedness to the Secretary-General of the Association, Mr. Robin Vanderfelt, O.B.E., whose name and fame are well known

throughout the Commonwealth. Without the benefit of his wisdom, judgement and quiet and efficient diplomacy we would not have had such a very successful conference. Our thanks go also to the other members of the General Council Secretariat, the Deputy Secretary-General and Editor of Publications, Mr. Ian Grey, to the new Assistant Secretary-General Mr. Palitha Weerasinghe, to Mr. Jack Fowler, also Assistant Secretary-General, and Miss Betty May, Miss Penny Lancashire and Miss Helen Sommerville.

AGENDA

	Opener from	Canadian speakers
THE COMMONWEALTH AND PROBLEMS OF WORLD SECURITY (Plenary)		
(a) South-East Asia and the Indian Ocean: Security and Neutrality	MALAYSIA	Hon. D. Cameron
(b) Impact on the Commonwealth of recent events in Southern Africa and the rest of Africa	KENYA	Premier G. Regan
(c) West Asia (the Middle East) and the Mediterranean	U.K.	Mr. T. Douglas, M.P.
CHALLENGES TO PARLIAMENTARY DEMOCRACY (Committee)		
(a) Military Coups and revolutionary movements	CEYLON	Mr. G. Leduc, M.P.Q.
(b) The freedom of the individual, human rights, and the authority of Government in a Parliamentary democracy	AUSTRALIA	Mr. T. Douglas, M.P. Mr. F. Meakes, M.L.A. Mr. R. Rodrigue, M.P.
(c) Relationship between Parliament, Ministers and Civil Servants		Mr. J. Walker, M.P.
(d) Strengthening the Parliamentary system in developing countries		Hon. P. Fox, M.L.A.
	INDIA	Hon. G. McIlraith, P.C.
ECONOMIC DEVELOPMENT (Committee)		
(a) Britain and the EEC	N.Z.	Mr. T. Douglas, M.P. Hon. A. Grosart
(b) Problems of countries of the Commonwealth affected by Britain's entry into the EEC		Mr. T. Douglas, M.P. Hon. A. Grosart
(c) Terms of trade between developed and developing countries	GUYANA	Mr. R. Coates, M.P.
(d) Commonwealth self-help: Aid and capital flow		Hon. A. Grosart
(e) Promotion of tourism in the Commonwealth	JAMAICA	Premier G. Regan Mr. R. Coates, M.P.
PROBLEMS OF THE ENVIRONMENT (Plenary)		
(a) Pollution and control		Hon. G. McIlraith, P.C. Hon. D. Cameron Mr. C. McIlveen, M.L.A. Dr. H. McDiarmid, M.L.A.
(b) Preservation of endangered wildlife	CANADA	Hon. A. Grosart
(c) Population growth	MAURITIUS	Dr. H. McDiarmid, M.L.A.
(d) Urbanization		Mr. J. P. Guay, M.P. Mr. J. Walker, M.P.

THE SENATE

Tuesday, October 26, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. LeBlanc (Rimouski) has been substituted for that of Mr. Lachance on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

CANADA-UNITED STATES PERMANENT JOINT BOARD ON DEFENCE

APPOINTMENT OF HON. JOHN B. AIRD AS CHAIRMAN OF CANADIAN SECTION

Hon. Paul Martin: Honourable senators will have read of the appointment of Senator Aird as Chairman of the Canadian Section of the Canada-United States Permanent Joint Board on Defence. Senator Aird is not here this evening. He is at Bagotville in New Brunswick at this moment discharging his new responsibilities. He was briefed on these, I understand, on Sunday and left yesterday to spend this week in Bagotville discussing with his Canadian and United States colleagues the work of the session of that board.

Honourable senators will recall that the Permanent Joint Board on Defence dates back to a meeting between the then Prime Minister of Canada, Mr. Mackenzie King, and President Roosevelt, at Ogdensburg, New York, in 1940. The board has parallel Canadian and American sections, each headed by a civilian chairman. Senator Aird will be assisted by three representatives from the Department of National Defence and two from the Department of External Affairs. There are also observers from the Department of Transport and the Department of Industry, Trade and Commerce.

Normally the board meets three times a year at defence establishments in the two countries, and on this occasion the meetings are taking place at Bagotville. It is an advisory rather than an executive body, but formal recommendations may be passed unanimously and submitted to the two governments. If both governments approve, this approval becomes the executive directive to the government agencies concerned.

The Permanent Joint Board on Defence is an important agency for the preliminary discussion of ideas at the official level, for joint military diplomatic consideration of defence matters, for distribution of information, for hastening executive actions and smoothing out difficulties, and for following up on decisions already taken to ensure that they are effectively carried out.

As we all know, Senator Aird has been serving on the Banking, Trade and Commerce Committee, the National Finance Committee, the Science Policy Committee, and has been chairman of the Foreign Affairs Committee of the Senate. With his long interest in the interaction of defence and foreign policy, Senator Aird is, I believe, singularly well fitted to take over the work of the late Arnold Heeney as chairman of the Canadian section of the board. It will be recalled that General McNaughton was the first chairman of this body.

I would wish honourable senators not merely to take note of this particular appointment but to consider also the implications of the appointment. The Prime Minister has appointed a distinguished colleague of all of us to an important position, which does not entail his resignation from this chamber. I think it is significant that the Government recognizes that a senator can serve in the Senate and, simultaneously, work in a specific official agency. I am sure that Senator Aird will become a successful chairman of the Canadian section of the Permanent Joint Board on Defence, while simultaneously continuing to function as a distinguished member of this chamber.

• (2010)

I should like to table a copy of the release of the Prime Minister announcing Senator Aird's appointment.

Hon. Mr. Choquette: May I ask the honourable Leader of the Government if I heard him well when he talked about Bagotville, New Brunswick? Is there such a place?

Hon. Mr. Martin: It is Bagotville, Quebec. I am sorry if I said New Brunswick.

Hon. Mr. Choquette: I thought so.

Hon. Jacques Flynn: Honourable senators, I join with the Leader of the Government (Hon. Mr. Martin) in congratulating Senator Aird on his having been appointed chairman of the Canadian section of the Canada-United States Permanent Joint Board on Defence. Agreeing with the Leader of the Government also, it is my sincere hope that the appointment of a senator to such a position by the Government is an indication that it plans to make fuller use in future of the pool of talent available to it in the Upper Chamber. We have men of exceptional ability here who could easily serve the country in certain other capacities while simultaneously carrying out their duties as senators. The Government has shown commendable good sense and imagination in calling upon a member of the Senate whose interest and expertise in the area of defence are unquestionable.

I cannot help but make reference to Senator Aird's difference of opinion with the administration in April of 1969 when he resigned from the chairmanship of the NATO Parliamentary Association. At that time Senator Aird was quite upset about Canada's cutback in the number of troops it was willing to contribute to NATO in Europe. He was of the opinion then—and I presume still is now—that the presence in Europe of substantial numbers

of Canadian troops was necessary to a proper defence of our own interests.

The same Prime Minister with whom Senator Aird then disagreed, and who is not known for his flexibility—although lack of flexibility is not contrary to the capacity of making about-turns, now appoints Senator Aird chairman of the Canadian section of the Canada-United States Permanent Joint Board on Defence. The Joint Board, as well we know, is intrinsically linked with NORAD, which in practice is an integral part of the defence system provided by NATO. The appointment is then a good one. Senator Aird is a knowledgeable and perspicacious, reasonable man. May I suggest that he was just as knowledgeable and reasonable when he opposed two years ago our announced intention to eventually remove all our troops from Europe.

Some Hon. Senators: Hear, hear.

Hon. John J. Connolly: Honourable senators, I would not want this occasion to pass without saying a word about the appointment of Senator Aird to this very important position. I think this is very much the kind of appointment that, as the Leader of the Opposition (Hon. Mr. Flynn) has suggested, might well be considered on more than one occasion for the Senate. Certainly, in this case the Senate is honoured by the fact that we have here among our members the new Joint Chairman of the Canada-United States Defence Board.

This is not the first time that such an appointment has been made here. When the late Senator J. J. Bench was a member of this chamber he was also, if I remember correctly, a member of the Wartime Labour Board, of which Mr. Justice McTague was chairman.

John Aird, as the leader said, is going to bring a vast knowledge and experience to this new work. One should not forget that he had a very distinguished career in the Royal Canadian Navy during the war. He has a feeling for the needs of the armed forces and of the need of this country for the armed forces. The appointment redounds very much to his credit. He is a busy man, and I suppose it is for that reason among others that he was chosen to take on yet another job.

He is a young man, and that I think will be of valuable assistance to him because there will be a great deal of work involved. But, honourable senators, if it is to his honour and to his credit that he should be appointed to this position, it is also a great honour to this chamber to have one of our members appointed to such a position, and I think all honourable senators will applaud the appointment.

Hon. Senators: Hear, hear.

Hon. Allister Grosart: Honourable senators, Senator Aird is Chairman of the Standing Senate Committee on Foreign Affairs. I have had the privilege for some time past of serving with him in the capacity of vice-chairman of that committee. I think it is proper to say that this distinguished appointment of Senator Aird to this very important position is to some extent at least a tribute to the tremendous work he has done as chairman of that committee. It is also, if I may say so, very much to the credit of the Government that this appointment has been made. Senator Aird has not always agreed with the policies of the Government, particularly in matters of defence. He was in many ways the leading spirit in the preparation of the report of the committee on the Caribbean which was not entirely complimentary to the Canadian posture over the years vis-à-vis our relationships and obligations in the Caribbean.

If I may speak now, honourable senators, not as a member of the committee but as one who sits on this side of the house, I would hope that the appointment may mean that the Government is reconsidering some of the positions it has taken in respect to Canadian obligations to Canada and to the world at large with respect to the share we should take in the defence of this part of the free world.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of news release, dated October 21, 1971, issued by the Department of Industry, Trade and Commerce, announcing the establishment of the Employment Support Board (Raymond Lavoie, Esq., Chairman), together with a summary of administrative procedures to enable immediate implementation of the Employment Support Act.

Copies of news release, dated October 21, 1971, issued by the Department of the Environment, outlining the proposed National Air Quality Objectives.

Report of the Textile and Clothing Board, dated June 11, 1971, relative to the inquiry ordered by the Minister of Industry, Trade and Commerce respecting men's and boys' shirts, together with copies of a news release, dated October 22, 1971, relating thereto.

Public Accounts of Canada, Volume III, for the fiscal year ended March 31, 1971, pursuant to section 55(1) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Report of operations under the Health Resources Fund Act for the fiscal year ended March 31, 1971, pursuant to section 13 of the said Act, chapter H-4, R.S.C., 1970.

Report on the administration of the Emergency Gold Mining Assistance Act for the fiscal year ended March 31, 1971, pursuant to section 10 of the said Act, chapter E-5, R.S.C., 1970.

Copies of joint communiqué issued following the first Canada-Mexico Ministerial Meeting, held at Ottawa October 21-22, 1971.

Copies of Canadian-Soviet communiqué, dated October 26, 1971, issued following the visit to Canada of Mr. Aleksei N. Kosygin, Chairman of the Council of Ministers of the USSR, October 17-26, 1971.

Copies of press release from the Office of the Prime Minister, dated October 22, 1971, announcing the appointment of Senator John Black Aird, Q.C., as Chairman of the Canadian Section of the Canada-United States Permanent Joint Board on Defence, to succeed the late Arnold D. P. Heeney, Q.C.

• (2020)

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—DEBATE ADJOURNED

Hon. Paul Martin: Honourable senators, with leave I would like to direct the Senate's attention to the Canadian-U.S.S.R. General Exchanges Agreement done at Ottawa, October 20, 1971, and tabled in the Senate on that day, and the joint Canadian-Soviet communiqué, dated October 26, 1971, and tabled this day.

The Hon. the Speaker: Do I understand that the Government Leader wishes to proceed with this now, with leave?

Hon. Mr. Martin: Only with leave.

The Hon. the Speaker: Is leave being granted to the Government Leader to proceed?

Hon. Senators: Agreed.

Hon. Mr. Martin: Honourable senators, last Wednesday, October 20, there was tabled in the Senate a Canadian-U.S.S.R. General Exchanges Agreement which had been signed a mere two hours previously. This evening I tabled the communiqué issued this morning at the time of the departure from Canada of the Chairman of the Committee of Ministers of the Union of the Soviet Socialist Republics. I suggest, subject to the concurrence of this chamber, that the agreement and the communiqué be printed as part of today's *Hansard*.

The Hon. the Speaker: Is this agreeable, honourable senators?

Hon. Senators: Agreed.

(*For text of Canada-U.S.S.R. General Exchanges Agreement, see Appendix "A", pp. 1393-4*).

(*For text of Canadian-Soviet Communiqué, see Appendix "B", pp. 1395-7*).

Hon. Mr. Martin: On June 2 last I spoke in the Senate on the protocol which had been signed in Moscow on May 19 respecting consultation on important international problems of mutual interest and questions of bilateral interest, on which the Leader of the Opposition also commented, and I also explained the protocol of May 28 which was issued at the conclusion of the Prime Minister's visit to the Soviet Union.

Before speaking about the communiqué, I might mention that this was not the first visit of Mr. Kosygin to Canada. Rather unexpectedly and unofficially he paid a brief visit to Newfoundland in 1967. On this occasion, however, he was officially returning the visit of the Prime Minister of Canada to the Soviet Union last May.

I should like to say that I think the Senate has played its proper role in the reception of this distinguished guest. Quite a few senators had the opportunity of meeting or listening to Chairman Kosygin on one or another of certain events. His Honour the Speaker showed Chairman Kosygin around the Senate, and welcomed him on a tour of his own chambers. I would like to compliment His Honour for his imaginative choice of gift which he offered Mr. Kosygin. I hope he is successful in bringing to fruition his invitation to Mr. Kosygin to send a pee-wee hockey team to Quebec. I have nothing but praise for the contribution that senators from both sides of the house made to the discussions with Mr. Kosygin in the meeting that took place with members of the Standing Senate Committee on Foreign Affairs and the Standing Committee on External Affairs of the other house. This was a very important event. As one who attended the meetings I cannot help but feel it is my duty to tell honourable senators of the way in which the members of that committee from this house distinguished themselves in the important questions that they put. Everyone who was present on that occasion will agree that it was a successful meeting. The formula employed at that meeting is one that we might well bear in mind for future use.

I think the visit of Chairman Kosygin has had considerable value for him, his party, and ourselves. The Government had full working sessions on Monday and Tuesday of last week here in Ottawa. Mr. Kosygin has had the opportunity of talking to parliamentarians in Ottawa, and in the provinces that he has been able to visit.

He has seen something of our research operations and our export industries, and I mention in particular Bell Northern Research Central Laboratory near Ottawa, the Canadian International Paper Company in Gatineau, the Furness Withy container terminal in Montreal, ATCO Quebec Limited near Montreal, the particle board plant of MacMillan Bloedel Limited in Vancouver, the nickel refinery of Sherritt-Gordon Mines Limited at Fort Saskatchewan, Alberta, and the Ontario Hydro nuclear generating station at Pickering, on which occasion he was the guest of the Government of Ontario.

I had the responsibility of accompanying Mr. Kosygin through his national tour, and I can testify that he is an able man, who was greatly impressed with our country.

Hon. Mr. Choquette: Did you communicate through an interpreter all the time?

Hon. Mr. Martin: Oh, yes; he had to have an interpreter.

The General Exchanges Agreement is a follow-up to the Canada-USSR Agreement on Co-operation in the Industrial Application of Science and Technology, which was signed in Moscow on January 27, 1971. That agreement, known as the Industrial Application Agreement, was tabled in this house on February 9, and I spoke to it on that occasion. It was originally to have been signed by the Prime Minister, had he been able to leave this country for a visit to the Soviet Union at that time. Owing to the rather critical situation then prevailing, the trip had to be postponed until May, and the Industrial Application Agreement was in fact signed by my colleague, the Minister of Industry, Trade and Commerce, when he visited Moscow in January.

At the time of the signing of the Industrial Application Agreement, we were already looking forward to a General Exchanges Agreement. I think it fair to say that when we agreed to sign the Industrial Application Agreement we understood that the Soviet Union would be prepared to enter thereafter into negotiations on a broader general exchanges agreement.

This agreement is intended to provide a framework for the development of Canadian-Soviet exchanges and contacts over the whole range of exchange activities not included within the terms of the earlier agreement. We were looking toward an agreement a few years ago on broad exchanges with the U.S.S.R. The agreement might have been obtained much earlier but for a temporary setback in relations which occurred as a result of disturbances in Central Eastern Europe about three years ago. As for this current visit of Mr. Kosygin, we regard the conclusion of the General Exchanges Agreement as the best testimony to Canadian-Soviet co-operation.

• (2030)

When drafting this agreement, we might have opted for an agreement which listed in detail the various exchanges that might take place. Had the agreement been too specific, it might have been necessary to renegotiate the whole agreement every couple of years.

The agreement sets up a Canada-U.S.S.R. mixed commission which is to meet every two years to work out and review programs of exchanges. This method will ensure that the effective implementation of the agreement is current and up-to-date. It will be somewhat more flexible to review programs, however, rather than having to renegotiate the entire agreement.

The first article is the important one, since all the other articles flow from it. It states that the two governments undertake to promote and develop exchanges and other forms of co-operation in scientific, technical, educational, cultural, and other fields on the basis of mutual benefit and reciprocity, in accordance with the laws in force in each of the two countries.

Whereas the Industrial Application Agreement may be considered to have dealt with scientific and technical fields, the General Exchanges Agreement is much broader, and lists educational and cultural besides other unspecified fields. It is indicated that the purpose of the exchanges is for mutual benefit, and they are on the basis of reciprocity.

With two countries of such unequal population, and unequal in their capacity for power in doing the negotiating, it is as well to clarify that the basis of exchanges is to be one of reciprocity. Methods of implementation are bound to be different in the two countries, and provision is made for this in the ultimate phrase which points to the laws in force in each country.

Although the agreement is a general one, there are some references to specific agreements which have been in operation. The ninth article of the agreement, for example, refers to the agreement between the Canadian Broadcasting Corporation and the State Committee of the Council of Ministers of the U.S.S.R. on Television and Radio Broadcasting.

There are two agreements mentioned in the second article, namely, that between the National Research Council of Canada and the U.S.S.R. Academy of Sciences, and that between Atomic Energy of Canada Limited and the U.S.S.R. State Committee on the Uses of Atomic Energy.

The agreement between the NRC and the Academy of Sciences, it may be recalled, dates back to 1959, and was authorized by the Government of that day.

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There are other agreements which are currently in existence, but which are not mentioned in the General Exchanges Agreement. It does not mean that these unlisted agreements are not working properly, nor does it mean that they are intended to be temporary. It is merely that some agreements are listed for illustrative purposes. The General Exchanges Agreement is, if you like, an umbrella agreement rather than a catalogue.

The agreement is similar to broad exchanges agreements that the Soviets have had with a number of Western countries, and the drafting was intended to reflect the earlier precedents.

As far as our own internal situation is concerned, we understand that the General Exchanges Agreement is likely to be welcomed as a useful framework by the provinces. It is to remain in force for a period of four years, and thereafter will be extended automatically for four-year periods unless terminal notice is given six months prior to the expiry of the initial agreement or any renewal thereof.

The communiqué was tabled by the Prime Minister in the other place early this afternoon, and by me some few moments ago.

It passes over a number of subjects. For example, my colleague, Mr. Jack Davis, the Minister of Fisheries, acknowledged last Wednesday in the other place that there had been discussions with the Soviet leader regarding the conservation of fish stocks off both our coasts. I recall the discussion on this subject lasted some 20 minutes in the ministerial meeting, and yet room was not found to elaborate on the discussions in the communiqué, beyond a brief reference to the marine environment. I mention this to indicate that even the fullest communiqué must necessarily omit some topics.

We are consulting with Soviet officials much more than would have been the case some years ago, and the communiqué itself draws attention to this fact. For example, there have been recent meetings in New York between our respective foreign ministers, between our respective permanent representatives accredited to the United Nations, and between the Canadian and Soviet representatives in the Committee on Disarmament in Geneva. We regard it as mutually advantageous to continue this type of exchange of information.

The two governments recognize the importance of the Quadripartite Agreement of September 3, 1971, between France, the United Kingdom, the Soviet Union, and the United States. This is an important step toward the easing of tensions in Europe. The communiqué also expresses the hope that negotiations between the Federal Republic of Germany and the German Democratic Republic, and between the Senate of West Berlin and the German Democratic Republic, will be concluded without delay. The communiqué notes the conclusion of the treaties between Bonn and Moscow, and between Bonn and Warsaw.

Without mentioning him by name, we were perhaps paying tribute to the constructive work done by Chancellor Willy Brandt toward a European settlement, and I think we were in good company since the Nobel Peace

Prize has just been awarded to Chancellor Brandt for his endeavours on behalf of European and world peace.

Both governments declared themselves in favour of a properly prepared conference on security and co-operation in Europe which would include the participation of Canada and the United States. They believe that such a conference could contribute to the normalization and improvement of relations among all European states.

I mentioned in this chamber on June 2, while speaking on the Prime Minister's visit to the Soviet Union, that the communiqué following that visit was the first between the Soviet Union and a Western country which explicitly recognized the right of Canada and the United States to participate on an equal footing with European countries in a European security conference. I also mentioned at that time that such a conference should be properly prepared, a phrase which recurs in the present communiqué. We hope that the progress that has already been made in negotiations affecting central Europe may be further consolidated, and that such a European Security Conference will be held thereafter.

The two governments draw attention to the recent draft convention on the prohibition of the production, development, and stock-piling of biological weapons and toxins, and on their destruction. Both countries call upon other powers to endorse the convention at the current session of the General Assembly of the United Nations.

Mr. Kosygin was very concerned with the development of relations between the United States and Russia, and the communiqué indicates that the Soviet Government attaches great importance to the continuing talks between these two great powers. As honourable senators know, it is the intention of the President of the United States to visit the Soviet Union.

I have noted the criticism from some quarters—not a particularly large body, but still worthy of note—that there was something anti-American in the welcome which the Canadian Government accorded our Soviet guest. In view of President Nixon's own declared interest in continuing his discussions with Soviet leaders, this kind of criticism of the actions of the Canadian Government is really very difficult to sustain.

• (2040)

The communiqué suggests that it is necessary to achieve an urgent political settlement in East Pakistan that would take into account the legitimate rights and interests of its population, and would facilitate a speedy and secure return of refugees. I believe those senators who had the opportunity of listening to the Soviet Premier at the joint committee meeting are well aware of the extent to which he is concerned, as we all are, with the situation in the Indian sub-continent. Soviet Central Asia borders on South Asia, and Premier Kosygin recalls vividly the India-Pakistan conflict of six years ago. I would regard the work undertaken by him at the Tashkent Conference as pertinent and constructive. It did not eradicate the conditions which had lead to the outbreak, but it was not intended to have that effect. What it did was restore the *status quo ante,* which represented an improvement on the situation prevailing prior to the Tashkent Conference.

[Hon. Mr. Martin.]

The communiqué notes the continuing tense situation in the Middle East, and Ambassador Jarring's efforts to ameliorate the situation. It is recommended that all powers concerned endeavour to implement the provisions of Security Council Resolution 242 of November 2, 1967.

The communiqué notes the common concern of both countries in preserving and improving the human environment, including dealing with such problems as marine pollution. It is suggested that the United Nations Conference on the Human Environment to be held in 1972 could make an important contribution to the study of this problem. Honourable senators will recall that this is the conference being prepared under the direction of a Canadian, Maurice Strong, who was for some years a very successful president of the Canadian International Development Agency.

The communiqué of May 28, 1971, following Prime Minister Trudeau's visit contains a paragraph which reads as follows:

> The Soviet side proposed that consideration should be given to the conclusion of a treaty covering economic development, technological and industrial co-operation. The Canadian side agreed to study the proposal.

The present communiqué indicates that the two sides had a useful discussion of this earlier Soviet proposal. It promises the Canadian side will give further study to this proposal.

Both sides express satisfaction with the progress made in implementing the Industrial Application Agreement. They noted that the Canadian Soviet mixed commission set up under that agreement was functioning well, and that the next regular meeting of the commission will be held in May, 1972, here in Canada. The working groups have been concentrating on those sectors of industry offering the best prospects for further co-operation and the development of trade. The commission and working groups are also promoting co-ordinating programs for joint technological and economic projects and research.

The communiqué reveals that the Canadian side expressed satisfaction with their recently concluded wheat sales contract. Last Friday in the other place the Minister of Industry, Trade and Commerce referred to the intimate contacts that the Canadian Wheat Board has developed—contacts, I may say, which go back to the pioneering work of our colleague Senator McNamara. Last Friday Mr. Pepin referred to the 3.5 million tons of grain being exported from Canada to the Soviet Union under the current contract, which comes to an end in April, 1972. It is anticipated that late in the winter negotiations will begin on the prolongation of the trade agreement for a further four years.

The communiqué notes that during these negotiations the Canadian proposal to set up a joint commission for consultations on trade will be discussed. It also mentions that Canada would welcome and facilitate an expansion of imports from the Soviet Union, including machinery and equipment, and that the Soviet Union would do likewise with respect to imports from Canada. In his talks and discussions with both members of provincial governments and institutions in the private sector I gathered this was foremost in Mr. Kosygin's mind.

It was clear during our discussions that the Soviet leader was familiar with Canadian laws respecting maritime and environmental control of the Arctic. Noting our common severe climatic, ice, and navigation conditions, the communiqué sets out the common desire to expand bilateral co-operation on Arctic problems. The two sides agree that this kind of co-operation could be aimed in particular at preventing pollution in Arctic waters, and taking other measures for the preservation of the ecological balance.

The communiqué ends with an expression of gratitude of the Chairman of the U.S.S.R. Council of Ministers for the warm hospitality accorded to him in Canada. This same sentiment was conveyed by Mr. Kosygin very sincerely to me this morning, and his public expression of thanks last night at the dinner given by the Canadian Manufacturers' Association in Toronto was, I believe, heard by a number of senators.

Both governments attach great importance to the maintenance of regular personal contact between government leaders of the two countries, and expressed their intention to continue such contacts. That sentence is, I think, not only a capsule summary of the purpose of Mr. Kosygin's visit, but a promise on the part of both governments that we will continue these contacts for the common good in the months and years that lie ahead.

Our approach in our foreign policy is to seek a balanced position. In that way we can, we believe, lay sound and solid foundations for peace. Our approach, based on the discussions we had with Chairman Kosygin, does not overlook differences, but takes into account the desire to bring about an easing of tension, and a promise of stability and peace in the world. The Canadian position is that we wish to promote good relations with other countries. We are not the only country taking a balanced position. It is being taken now by our great and friendly neighbour, the United States, in the initiatives that the President of that country is taking, first of all in his proposed visit to the People's Republic of China, and shortly thereafter to the Government of the U.S.S.R.

We believe sincerely that this visit of Mr. Kosygin brought an interesting and highly intelligent man to our midst. We believe that this visit will cement relations between one of the super-powers of the world and our country, just as the good relations which we enjoy with our neighbour and with other countries are directed toward the same end.

Hon. Mr. Bélisle: May I ask the honourable Leader of the Government a question? He referred to a joint meeting last week of the Standing Senate Committee on Foreign Affairs and the Standing Committee of External Affairs of the House of Commons. I was among those who attended that meeting and had the opportunity of listening to Premier Kosygin. When the Premier introduced the friends he had brought from Russia, they were all wearing the same insignia in their lapels that the honourable leader is wearing tonight. Does this mean that the Leader of the Government in the Senate has been made one of them, or could he explain why he is wearing that insignia?

Hon. Mr. Martin: As Senator Bélisle knows, there were security arrangements. This little pin was worn by members on both sides in accord with these arrangements.

Hon. Mr. Flynn: Are you still afraid of something happening to you?

Hon. Mr. Martin: I had forgotten to remove it.

Hon. Mr. Phillips: I have a question to put to the Leader of the Government, and I want to be fair to him, in beginning to direct the question. If I heard him correctly, he said that the communist leader expressed his thanks to Prime Minister Trudeau. I was rather intrigued by the fact that he did not express his thanks to the Prime Minister and the Canadian people. I wonder why the Canadian people were left out in the words of thanks to Prime Minister Trudeau?

Hon. Mr. Martin: I was referring to two heads of government—one who was treated with great hospitality and consideration when he went to the Soviet Union, and the other, Premier Kosygin, who was accorded similar hospitality by the Government of Canada when he came to Ottawa.

Mr. Kosygin took several occasions, wherever he went, not only to thank provincial governments and the federal Government but the people of the city, whose guest he was, for their hospitality. This was done in Montreal; it was done in Vancouver and in Edmonton, and last night in Toronto. Those who heard Premier Kosygin last night know that he was generous—certainly not meriting the implied cirticism by Senator Phillips—in his acknowledgement of what he owned to the people of Canada generally.

Hon. Mr. Phillips: If I may say so, the leader has referred to compliments and he referred to television. Mr. Kosygin paid certain compliments to a certain individual—in fact, to the one who has just replied to my question. I find it hard to accept the reply of honourable Senator Martin, in view of the compliments which were paid to him by Mr. Kosygin last night.

Hon. W. M. Benidickson: Honourable senators, I have but a few words to say on this report. I listened carefully last evening on the radio to the farewell of the Prime Minister of the U.S.S.R. I noted that, as has been mentioned, he paid not only a tribute to the Canadian people but he started with particular thanks, naturally, to the head of our Government. He referred to several members of his cabinet by name, and he referred to the premiers of the provinces which he visited, and to the mayors and to the people of the cities he visited. I did note also that he came back in his personal references and repeated particular thanks to Senator Martin, the Leader of the Senate.

Honourable senators, it was probably not unobserved by our guest of this week that a very appropriate appointment had been made. We have referred to another most appropriate one already this evening, which we thought gave great honour and credit to this Upper Chamber. I think the appointment of our leader as the escort of the Premier of the U.S.S.R. also is one of great honour to this house.

Hon. Senators: Hear, hear.

Hon. Mr. Benidickson: I hope it was not unobserved by our guest that it was very appropriate indeed that our leader should be selected to be his escort. Not only is honourable Senator Martin the leader in the senior chamber of our Parliament, but he happens to be the dean of parliamentarians in both Houses of Parliament, having the longest record of service of anyone still in either house.

I observed also that last evening the Premier said he was very grateful to our leader for the courteous and efficient way that he assisted and escorted him. It is surely no surprise to any of us in this house that Premier Kosygin recognized the tremendous drive and energy of our leader and said that if he had any complaint against Senator Martin, it was only that he was a great task master, a very hard driver. This we all know well.

I should like that this be on the record, that Canada could not have provided an escort with more prestige, with a higher record in Parliament, than was provided to Premier Kosygin. During the week also I heard members of the press media and the electronic media say that this hopeful growth in friendship is not of a very new creation. It does not particularly originate in the fact that our Prime Minister recently paid a visit to the U.S.S.R. Several commentators recollected that our leader was a former Minister of External Affairs and they recognized and paid tribute to the fact that if some ice is being broken, and broken very hopefully, one of the first western statesman to commence attempts in this direction was the Leader of the Government in this chamber.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn: Honourable senators, before I make a few comments on the remarks of the Leader of the Government and on the communiqué, I would like to put a question to the leader in connection with the communiqué itself, with special reference to page 5. The Government Leader has referred to the easing of tension between East and West Germany and between West Germany and Poland. The communiqué, at page 5, has a paragraph reading as follows:

> Since the military confrontation in central Europe is particularly dangerous, it was agreed that early steps should be taken to seek a general agreement on the mutual reduction of armed forces and armaments in that area without detriment to the participating states.

I cannot exactly understand the meaning of this paragraph, under the circumstances. I can understand that we want a reduction of armed forces, as far as the two blocs are concerned—the NATO members and the Warsaw Pact members—but why central Europe is mentioned here, under the circumstances cited by the Leader of the Government, I cannot figure out.

Hon. Mr. Martin: I can only say that the first part of the paragraph clearly speaks for itself. No one can deny that the situation there is a serious one and has been serious for some time. Both sides agree, as indeed the foreign ministers at the ministerial council a few months ago agreed, that steps should be taken to bring about an agreement for the mutual reduction of armed forces.

[Hon. Mr. Benidickson.]

Hon. Mr. Flynn: Not because of the situation in central Europe.

Hon. Mr. Martin: That is one of the reasons.

Hon. Mr. Flynn: It may be.

Hon. Mr. Martin: Mr. Sharp has taken a very strong position in promoting a balanced reduction on a mutual basis. We have agreed to the holding of a conference on European security, leading toward this objective. We believe that such a conference has to be well prepared and that the mutual reduction should take place as a result of a general agreement that it be done on both sides, and toward this end steps have already been taken by the appointment of Mr. Manlio Brosio, former secretary general of NATO, to begin exploratory discussions with the other side. Mr. Brosio is seeking an opportunity to begin his exploratory talks on behalf of the nations concerned at the earliest possible moment. When Mr. Kosygin was here there were discussions about this matter, and I look forward to a continuing progressive development of this program.

• (2050)

Hon. Jacques Flynn: Honourable senators, I would suggest, first, that the length and the irrelevancy of the reply of the Leader of the Government shows that the paragraph to which I referred is badly drafted.

Hon. Mr. Martin: I am sure that the Leader of the Opposition will realize that a paragraph of this sort in such a document is the result of very careful debate on both sides. There is very careful consideration in the preparation, and very careful study before final acceptance. I can assure Senator Flynn that it speaks for exactly what I have tried to explain.

Hon. Mr. Flynn: Yes, as you have said, you have "tried to explain".

Honourable senators, judging from the Canadian-Soviet Communiqué made public this afternoon, Mr. Kosygin's visit to our country was mutually beneficial. Both our countries have reaffirmed their attachment to peace, security and international co-operation, and have agreed that, regardless of their political and social systems, states should in their relations with each other steadfastly abide by the principles of mutual confidence, reciprocity, respect for independence, national sovereignty, territorial integrity and equality of all states, non-interference in internal affairs, renunciation of the use or threat of force, and the settlement of disputes through negotiation in accordance with the Charter of the United Nations. In saying this I am practically quoting the communiqué itself.

I had no doubt but that we adhered to such fine principles, and I find it inspiring to see that the U.S.S.R. is equally interested in international justice, for certain events of recent years might have raised some doubts in this respect.

Along with the Prime Minister and Mr. Kosygin I also am pleased with the positive steps that have been taken towards peace in central Europe, and the significant measure of success which they have enjoyed.

I agree that much can be gained from a well-organized and properly-prepared conference on security and co-

operation in Europe with the participation of all European states, Canada and the United States, and I am elated to see that steps are soon to be taken to arrive at a general agreement on the mutual reduction of armed forces and armaments in central Europe. There lies a time-bomb which must be defused as a first step to ensuring world peace.

The fact that both our countries are striving to have their respective ideological blocs accept a general and complete disarmament offers a ray of hope; that they are willing in the meantime to settle for partial disarmament measures, including the banning of underground nuclear tests, the limiting of stragetic arms and the reduction of military expenditures, is a manifestation of their good sense and practicality.

It is interesting to note that the U.S.S.R. is in favour of a political settlement in Indochina that would guarantee its various peoples the possibility of shaping their own destiny in accordance with their national interests and without foreign interference. If we could only convince our new friend, the People's Republic of China, to adopt the same attitude, some significant headway toward a lasting peace in this area could be achieved.

The U.S.S.R., as a civilized group of nations should be, is just as concerned about the dangers to the human environment as we are. About this there can be absolutely no doubt and, consequently, this area could offer one of the best grounds for common effort.

It is also encouraging to see that trade between Canada and the U.S.S.R. is to be increased, if for no other reason than that we need to increase our exports.

The General Exchanges Agreement signed here last week is, as the Leader of the Government mentioned, a logical extension of the Protocol on Consultations signed between Canada and the U.S.S.R. on the occasion of Prime Minister Trudeau's visit there last May. It, in effect, specifies in what areas there will be exchanges, and in what particular way these are to be implemented. The document is a business-like one which displays the interest of both signatories in giving effect, as soon as possible, to the common wishes expressed last May.

Exchanges in the scientific, technical, and technological fields are bound to be of mutual benefit. We can surely be of help to the U.S.S.R. in the development of its light industry, while it can be of help to us in the development of our Arctic and sub-Arctic regions, the prevention of pollution in Arctic waters, and the maintenance of the ecological balance. Both Canada and the U.S.S.R. have vast expanses of thinly populated underdeveloped land. This, along with the similarity in our climates, should provide a wealth of areas in which it would be profitable to both to increase the exchange of data and perhaps even carry on joint research. Exchanges such as these, which will involve experts in virtually every field of science, students, educators, artists of every description, athletes, and governmental and non-governmental professionals, must of necessity enhance relations among our peoples.

However, as much as an improved relationship between Canada and the U.S.S.R. may be a goal worth striving for, the value is indeed tempered, if not completely nullified, when the impression is created that our vigorous interest in closer relations with the U.S.S.R. has as its prime purpose the counterbalance of American influence, which we have of late taken to qualifying as dangerous and oppressive. The Prime Minister in some of his public statements has by means of tone and attitude deliberately insinuated as much.

At the end of Mr. Kosygin's visit the impression to be gleaned from it all is quite manifestly that the relationship with our traditional and closest ally, the United States, could cool markedly. Mr. Trudeau displayed an annoying degree of calm and self-control in the face of his guest's using the guise of a toast to Russian-Canadian friendship to denounce U.S. economic policies and their influence on Canada. Such an unabashed attempt at the old military principle of divide and conquer seems to have left Mr. Trudeau unmoved, if not pleased.

The Prime Minister could have seized the opportunity to point out to Mr. Kosygin that the ideal we should be seeking to reach in our relationship one with the other is that which exists now between Canada and the United States. Perhaps Mr. Trudeau's idea of détente is to take us down the road to neutrality. If he believes that the Canadian people would stand for this, he is very naïve.

Hon. Mr. Martin: I do not think there is anything to warrant that statement.

Hon. Mr. Flynn: This is the impression left after the events to which I have just referred.

We want no part of neutrality if it means loosening our defence agreements with the United States. We can sell all the wheat imaginable to the U.S.S.R.; we can increase our trade many-fold, but the fact will still remain that Russia is not a natural trading partner, whereas the United States is. The United States is infinitely closer to us in character and institutions, our peoples are much more similar, and we have more in common with the Americans than with the Russians.

Aware as I am of the fact that the U.S.S.R. is now calling for "international co-operation" across ideological barriers in terms that go far beyond the "peaceful co-existence" of bygone days, nevertheless I cannot bring myself to forget those fruitless periods of so-called "peaceful co-existence" and the "building of bridges of communication".

The frustration that has attended western relations with communist powers since World War II is not reduced to insignificance by the mere fact that the new Kremlin line is remarkably free of sabre-rattling and brinksmanship. The Soviet Union, it appears, now wants to brush aside ideological differences as matters internal to each nation, and to go as far as possible toward concrete co-operation in fields of science, technology, industry, and the arts. The same co-operation is to be extended into the realm of international politics with a view to defusing tensions rather than allowing them to develop into tests of strength.

Canada, apparently, is to serve as a prototype of this new approach, an example of the close ties which any well-disposed western nation can expect to develop with this new, peace-seeking Soviet Union.

Trust and understanding are generative of friendship, and perhaps the time has come for us again to make an act of faith in the goodwill of the U.S.S.R. to see if we can restore the concept of peace from its present debilitated condition to one of vigorous good health.

The U.S.S.R. in its most recent attempts at rapprochement may not be motivated by more than a very negative, though very human, fear of eventual nuclear holocaust.

However, it will do us little good to question their motives. There is nothing to be gained from adhering to such a position—quite the contrary. We may, in fact, fail to seize an opportunity to make significant strides toward peace by rebuffing an agglomeration of nations which may have undergone a genuine change of heart.

The international communist conspiracy headquartered in Moscow may well have become a myth. The headquarters for the direction and financing of communist subversive activities and communist revolutionary wars may be elsewhere. It may be that the Soviet Union is now willing to fight the west merely on the level of ideas. If this be the case, then we welcome the challenge. If the communist bloc wishes to compete against us in trying to win nations over to its political ideology, and it is willing to eschew violence, then let us have at it and may the sounder philosophy win.

Just as there is evil in every man so is there good; and the same can be said of nations. We have all played a part in making the world the mess that it now is. None of us is Simon pure. We are given by this General Exchanges Agreement the opportunity to perforate the iron curtain, to alleviate fears, to nullify mistrust, to educate and to be educated. Human contact and communication is the best antidote possible to the poison of suspicious chauvinism.

One gleans the feeling from Mr. Kosygin's visit, indeed from the more frequent visits of the political leaders of the U.S.S.R. to foreign countries, that they are slightly uneasy about the ultimate end of their course of domination. If this be the case, then their attempts at righting wrongs should not be rebuffed, but rather welcomed. Peace is a worthy goal. It should never be allowed to escape us for want of the effort necessary to harness it.

Hon. Paul Yuzyk: Honourable senators, I have one or two questions to ask of the Leader of the Government. Before doing so let me say that I was keenly interested in the visit of Chairman Kosygin to Canada, and I followed very closely everything that took place.

As I said, I should like to ask a number of questions, but I think most of us here are at somewhat of a disadvantage in that certain documents are said to be tabled, but the Leader of the Government speaks on those documents before they are in fact tabled. As a result we are in no position to ask pertinent questions which I think would have an important bearing on many of the matters with which those documents deal. For instance, why did we not have access in this chamber to the treaty that was signed on October 20?

Hon. Mr. Martin: May I say to Senator Yuzyk that that treaty was tabled last week. However, I have no objection to adjourning this matter at this stage, and he could raise it again tomorrow or the following day after he has had an opportunity of reading the documents.

[Hon. Mr. Flynn.]

Hon. Mr. Yuzyk: It was tabled, but it was not published in our proceedings.

Hon. Mr. Martin: It was tabled last Wednesday.

Hon. Mr. Yuzyk: That is one matter. However, this treaty of October 20 is a treaty which provides for wide exchanges, much wider exchanges than the former protocol provided for. Mention is made of a mixed commission which I understood to mean a Soviet-Canadian mixed commission, if I understand the word "mixed" correctly. Would the Government Leader explain the composition of that commission? How many members of that commission will be from Canada, and how many from the Soviet Union? Furthermore, will the commission meet only once each year?

Hon. Mr. Martin: It will meet every two years, and its members will consist of appointees by the two governments. There will be an equal number of representatives from each side on the commission, of course.

Hon. Mr. Yuzyk: Has that commission been appointed?

Hon. Mr. Martin: Not yet.

Hon. Mr. Yuzyk: Thank you.

It also became evident right across Canada that not all Canadians were happy about the visit of Mr. Kosygin. I should like to bring to the attention of the Senate and all those who are within hearing range that the matter of ways in which Canadians could democratically express themselves, mainly through demonstrations, was brought up, and we have read about these demonstrations in the papers. I think that in general these demonstrations were quite peaceful.

• (2100)

I feel that the fact has been brought home that we are dealing with the leader of probably one of the greatest police states in the world. This is something we should keep in mind when we are having a relationship with the Soviet Union. I recollect that in Winnipeg Prime Minister Trudeau made a commitment that he was going to bring up problems regarding particular nationalities within the Soviet Union which have been deprived of certain freedoms—religious freedom and cultural freedom. The Prime Minister of Canada said that he would discuss these matters with Prime Minister Kosygin.

As a matter of fact, I raised this matter at one of the joint external affairs conferences of both houses. I was able to obtain this press release because I asked for it, and I notice that in spite of what I considered to be a pledge by Prime Minister Trudeau in Winnipeg, there is no mention made of it at all. There is no mention of the fact that certain of the rights of such groups as the Jews, the Ukrainians, the Lithuanians and others had been curtailed; that some of their leaders have been sentenced in what have been called closed courts, and imprisoned. I understand the Prime Minister was to have made some mention of this matter in his discussions with Prime Minister Kosygin. Yet there is no mention of it at all in this Canadian-Soviet communiqué.

Does this mean that this matter has been dropped entirely, and that the matter of human rights has been left aside for the sake of other relations?

Hon. Mr. Martin: Of course it does not. As I said in my statement in chief, there are many matters that were discussed between the two sides, both here in Ottawa and elsewhere, that are not in the communiqué.

Hon. Mr. Yuzyk: I ask the honourable Leader of the Government: How are these groups to have confidence in the Prime Minister if there is no statement made regarding certain commitments that he has uttered in public?

Hon. Mr. Martin: I am sure that Senator Yuzyk is aware of the fact that the Prime Minister is not a person who readily makes commitments he cannot keep, and does not keep. I can assure my honourable friend that, while we may not all agree on the best method by which the Government could pursue its objectives, the course the Government is pursuing is not one that is inimical to the interests concerned.

Hon. Donald Cameron: I am wondering if, in view of the importance of this communiqué which the Leader of the Government has just tabled and which most of us have not had the opportunity of reading yet, he would give consideration to a debate on developments in foreign affairs in this chamber at a very early date? I am thinking not only of this very significant agreement regarding discussions with the Russians, but also the implications of the recent decision in the United Nations with respect to China. I am wondering if we could adjourn the debate and go into this matter—

Hon. Mr. Croll: This debate can be adjourned.

The Hon. the Speaker: Honourable senators, may I say at this point that we are now in the midst of a debate on an inquiry, because the Leader of the Government asked for leave of the Senate to proceed with the inquiry. If this debate is not adjourned, it will be considered debated.

Hon. Mr. Martin: In answer to Senator Cameron's question, I have no objection, as Senator Croll has suggested, to the adjournment of the discussion at this point and proceeding along the lines Senator Cameron has indicated. Obviously, what has happened at the United Nations is not unrelated, in general terms, to the discussion that took place. I see no reason why Senator Cameron's wish could not be respected.

Hon. Mr. Cameron: Honourable senators, if it is agreeable I would be very pleased to adjourn the debate. I would like to have an opportunity to read this document, and have a little time in which to think about it, because it is a significant milestone in international affairs, and only one of a number of such milestones in the last few months. These are developments that are very significant to Canada. We could very well spend some time debating this, and I would like the opportunity of doing so.

Hon. Mr. Choquette: You do not need permission to adjourn the debate.

Hon. Mr. Cameron: I would like to say how happy I was that the Leader of the Government was selected to chaperone—if I may use that term—Mr. Kosygin because there is no one, having regard to his experience, his attitude, and so on, who is more qualified. I know that he did a very good job for Canada.

With permission, I would like to adjourn the debate until the next sitting.

Hon. Allister Grosart: Honourable Senators, I rise on a point of order, before the motion to adjourn is put. I think this has come about rather suddenly and in a very oblique way. It is possibly complicated by the fact that once again we have by-passed our rules. Since this carries over the whole spectrum of this debate I would like to respectfully suggest to the Leader of the Government that this be the last time that an important matter is brought before this chamber by asking leave to suspend the rules. This is a perfect case of the propriety of our rules. The rules, I suggest, are drafted to prevent exactly what has happened tonight. We are faced with a presentation on a most important subject with no notice whatsoever as to what might take place. I suggest that in the future the Leader of the Government be more cautious before he takes this course of action, and relies on the courtesy of senators to grant him leave. Leave to proceed would not have received my consent if I had known it was his intention to raise a highly controversial issue without giving any notice that it was his intention to do so tonight.

So I would suggest to honourable senators that the motion for adjournment be not put, unless His Honour the Speaker is satisfied that other senators are not prepared to comment at this particular time when the issue is before us.

The Hon. the Speaker: I must say, following the point of order raised by the honourable Senator Grosart, that had there been a dissenting voice when the Leader of the Government asked for unanimous consent he could not have proceeded. But now we have a motion to adjourn the debate, which is in order and I have no alternative but to put it.

Hon. Mr. Grosart: On the point of order, my suggestion to Your Honour is that the question be not put. The motion is not debatable. I was not debating it, but rising on a point of order. I suggest the motion be not put until Your Honour is satisfied that no other honourable senator wishes to discuss the matter at this time.

Hon. Mr. Prowse: We have before us an undebatable motion; may we have a decision on that?

Hon. Mr. Grosart: On the particular point raised I would point out that we have a motion which has been neither seconded nor put.

The Hon. the Speaker: I have not yet put the motion. I would like to inquire if any honourable senator wishes to take part in this debate at this time; if not I will put the motion.

Hon. Mr. Prowse: Are we discussing the point of order or the debate that was raised by the honourable Senator Yuzyk, who has now left this house? Which one?

The Hon. the Speaker: I must say that I did not hear the honourable Senator Yuzyk raise a point of order. He raised a few questions, which I think were answered by the Government Leader. However, a point of order was raised by the honourable Senator Grosart after a motion by the honourable Senator Cameron to adjourn the debate. I will now put the motion for adjournment.

Hon. Mr. Grosart: On the point of order, I suggest that Your Honour might follow the procedure which I think

you began, to find out first of all if any other honourable senator wishes to speak at this time.

The Hon. the Speaker: I have asked precisely that question, and no honourable senator has indicated that he wishes to pursue this debate tonight.

Hon. Mr. Grosart: Senator Croll rose.

Hon. Mr. Croll: Had Senator Cameron not adjourned the debate, I would have done so.

Hon. Mr. Grosart: If Your Honour will give me the opportunity, it is my intention to make some comments, with leave of the house.

Hon. Mr. Prowse: The motion by Senator Cameron is to adjourn the debate.

The Hon. the Speaker: This is not a debatable motion. The honourable Senator Grosart may raise a point of order or a question of privilege.

Hon. Mr. Grosart: Your Honour, I have no question of privilege nor point of order to raise. A motion was proposed, not seconded nor put; I merely suggested that Your Honour not put that motion.

Hon. Mr. Cameron: He cannot avoid it.

Hon. Mr. Grosart: I do not wish to argue the point; of course he can avoid putting it.

Hon. Mr. Martin: Will Senator Grosart permit me?

Hon. Mr. Grosart: Yes.

Hon. Mr. Martin: I think the practice is that when the debate is about to be adjourned it is on the understanding that no one else wishes to speak. I am sure that Senator Cameron would agree that Senator Grosart, or any other senator, should if he wishes take part in the debate now, and at the end of the sitting Senator Cameron might then propose the adjournment of the debate. However, I am sure that no one would wish to preclude Senator Grosart or anyone else from speaking at this time.

Hon. Mr. Cameron: The only reason I moved the adjournment of the debate is that I consider the topic to be so important that I think we should have more time to discuss it. Everyone should be given an opportunity to do so. I quite willingly withdraw the motion now if Senator Grosart or anyone else wishes to speak at this time, but I do reserve the right to adjourn the debate later.

The Hon. the Speaker: We had a motion to adjourn the debate and in order to accommodate honourable senators I asked if others would like to participate in this debate at this time. I did not see any honourable senator rise in his place.

Hon. Mr. Grosart: If you will recognize me at this time, Your Honour—

Hon. Mr. Prowse: Honourable senators, I am not sure what is happening, but I am sure that it is not according to the rules. There is a motion before this house and I do not think that His Honour the Speaker or anyone else can set aside procedure for a nice little quiet deal. There is a motion by Senator Cameron to adjourn the debate and I move the previous question.

Hon. Mr. Flynn: He has withdrawn it.

The Hon. the Speaker: I will repeat what I have already said: We have a motion now to adjourn the debate and I have inquired if any honourable senators wish to proceed tonight. I will follow our past practice with respect to motions to adjourn debates. Usually the name of a seconder is not mentioned and I choose a neighbour of the mover.

It is moved by the honourable Senator Cameron, seconded by the honourable Senator Boucher, that this debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: On division.

Motion agreed to, on division.

NATIONAL FILM BOARD

FILM "UN PAYS SANS BON SENS"—QUESTION ANSWERED

Hon. Leopold Langlois: Honourable senators, on September 14 the honourable Senator Forsey asked the following question in the Senate:

> Honourable senators, I have a few questions for the Government Leader. The first is related to a report in the September 10 issue of the *Globe and Mail* to the effect that during a program produced at the University of Montreal a definitely separatist film was shown to new students, titled "Un pays sans bon sens"—a film about Canada. Furthermore, still according to the same report, the film is said to be a National Film Board production.
>
> I would ask the Government, following that report, how it is that the National Film Board can issue such films. I have given notice to the Government Leader of this question.

The written answer received from the National Film Board, through the Secretary of State of Canada, is as follows:

[*Translation*]

The film *Un pays sans bon sens* is a National Film Board production. It may strike some as a separatist film, but the Board considers it as a film dealing with the French-Canadians' search for a homeland. Produced by the distinguished French-Canadian film maker Pierre Perrault, who is on the staff of the National Film Board, this film is designed, according to the provisions of the National Film Act of 1950 "to interpret Canada to Canadians and to other nations".

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 1384*)

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT

The Government of Canada and the Government of the Union of Soviet Socialist Republics,

DESIROUS of expanding their exchanges in scientific, technical, educational, cultural and other fields,

RECOGNIZING that similarities in the geography and climate of the two countries create a favourable basis for exchanges in many fields,

CONVINCED that cooperation in expanding their exchanges will develop further their good relations, and broaden understanding between the Canadian and Soviet peoples,

HAVE AGREED as follows:

Article 1. The Government of Canada and the Government of the Union of Soviet Socialist Republics undertake to promote and develop exchanges and other forms of cooperation between the two states in the scientific, technical, educational, cultural and other fields on the basis of mutual benefit and reciprocity, in accordance with the laws in force in each of the two states.

Article 2. Both Governments will encourage and facilitate the exchange of visits by scientists and scientific research workers and the exchange of scientific information.

Both Governments will encourage and facilitate the fulfilment of existing exchange agreements, including the agreements, which are deemed to be annexed to this Agreement, between:

(*a*) The National Research Council of Canada and the USSR Academy of Sciences; and

(*b*) Atomic Energy of Canada Limited and the USSR State Committee on the Uses of Atomic Energy.

Article 3. Both Governments will encourage and facilitate contacts and exchanges in the fields of agriculture, fisheries, wildlife, forestry, water, mining and energy as well as in the development of natural resources, particularly in areas where geography and climate create similar conditions and problems.

Article 4. Both Governments will encourage and facilitate professional, technical and administrative contacts and exchanges in the fields of transport, communications, urban development, development in the north and in other regions where the environment presents similar problems of adaptation, and construction related to these fields.

Article 5. Both Governments will encourage and facilitate scientific, technological and administrative contacts and exchanges in fields related to the control of pollution and the management of the environment.

Article 6. Both Governments will encourage and facilitate exchanges in the social sciences, public health, medical services and medical science, and other aspects of social development, particularly in areas where geography and climate create similar conditions and problems, and in social security.

Article 7. Both Governments will encourage and facilitate visits and exchanges of professors, lecturers, teachers, postgraduate students, and students in the sciences and the humanities. They will encourage exchanges in the fields of primary, secondary, higher, specialized and vocational education.

Article 8. Both Governments will encourage and facilitate contacts and exchanges related to publishing, libraries, archives and museums, including exchanges of writers and specialists and of books, publications, and historical records, subject to their respective legislation and other requirements in the field of copyright.

Article 9. Both Governments will encourage and facilitate contacts and exchanges in the fields of radio, television and cinematography, including co-production of programmes and films and commercial arrangements in these fields.

Both Governments will encourage and facilitate the fulfilment of existing working agreements, including the agreement between the Canadian Broadcasting Corporation and the State Committee of the Council of Ministers of the USSR on Television and Radio Broadcasting which is deemed to be annexed to this Agreement.

Article 10. Both Governments will encourage and facilitate contacts and exchanges in the performing arts. They will encourage tours by groups such as theatre, opera, ballet, dance companies, orchestras and other artistic groups and by individual performers under commercial contracts or mutually acceptable arrangements made by Canadian organizations or impresarios and Soviet concert organizations. They will facilitate exchanges and visits in the performing arts of specialists such as playwrights, composers and choregraphers and of other persons engaged in these fields.

Article 11. Both Governments will encourage and facilitate exchanges in the visual and creative arts. They will facilitate the organization of artistic, photographic and other exhibitions. They will also encourage exchanges and visits in the visual and creative arts of specialists such as artists and of other persons engaged in these fields.

Article 12. Both Governments will encourage and facilitate visits and exchanges of representatives at governmental level.

Article 13. Both Governments will encourage exchanges between appropriate professional and non-governmental organizations, having in mind that the practical realization of these exchanges shall be the concern of the organizations involved. They will encourage visits and exchanges by individuals in various cultural and professional fields, as well as their participation in meetings, conferences and symposia.

Article 14. Both Governments will encourage and facilitate exchanges of athletes and athletic teams, and of specialists in the fields of physical educational, recreation and sport.

Article 15. Both Governments will encourage the development of tourist travel between the two countries.

Article 16. The contracting Governments shall establish a Mixed Commission, which will meet normally once every two years, alternately in Canada and the USSR. Each Party, in accordance with its procedures and practices, will designate its participants for each meeting. The Mixed Commission will concern itself with the implementation of this Agreement. At its meetings the Mixed Commission will review the progress of the existing Programme and develop a Programme for the next two-year period. Additions and modifications to Programmes for the implementation of this Agreement may be mutually agreed between meetings of the Mixed Commission.

Article 17. The exchanges of information and materials and exchanges of visits by individuals and delegations provided for in this Agreement are subject to the laws and regulations of Canada and the USSR.

Financial and other conditions of the exchanges will be agreed by the Parties during the establishment of the two-year Programmes or will be agreed directly between appropriate Canadian and Soviet organizations.

To facilitate arrangements for exchanges and visits, both Governments agree that:

(*a*) Visitors under this Agreement will be provided, as a rule not less than thirty days in advance, with a provisional programme agreed upon through diplomatic channels or by appropriate organizations; whenever possible plans for reciprocal visits will be agreed simultaneously;

(*b*) Applications for visas for visitors will be submitted as far in advance as possible and in accordance with the regulations of each country;

(*c*) The size of delegations to be exchanged and the length of their stay will normally be agreed in advance;

(*d*) Each Party shall have the right to include in its delegations interpreters or representatives of its Embassy within the agreed number of the delegates. The number of interpreters or representatives of Embassies in each delegation shall be agreed in advance;

(*e*) In cases where other mutually acceptable arrangements do not exist, or have not been agreed in advance, visitors under this Agreement will arrange to pay their own expenses, including those incurred in international travel, internal travel, and their living expenses during the visit;

(*f*) Both Parties will endeavour to facilitate visits to appropriate agencies other than the principal host agency when such visits are requested and are possible.

Article 18. The visits and exchanges provided for in this Agreement do not preclude other visits and exchanges outside the scope of this Agreement. To the extent possible and when appropriate, both Parties will keep each other informed of such visits and exchanges.

Article 19. Both Governments will encourage and facilitate the fulfilment of exchange agreements which may be concluded between designated agencies of the contracting Governments; such agreements may be deemed to be annexed to this Agreement if the contracting Governments so agree. Such exchange agreements shall be consistent with the provisions of this Agreement and the Mixed Commission may review their implementation in accordance with the terms of Article 16.

Article 20. This Agreement enters into force from the date of signature.

This Agreement shall remain in force for a period of four years and thereafter will be extended automatically for further periods of four years unless either Government gives notice of termination not less than six months prior to the expiry of the initial Agreement or of any renewal thereof. By agreement between the two Governments the Agreement may be extended for any other period.

DONE in OTTAWA this 20th day of October, 1971, in two copies in the English, French and Russian languages, all texts being equally authentic.

For the Government of Canada
For the Government of the
Union of Soviet Socialist
Republics.

APPENDIX "B"

(*See p. 1384*)

CANADIAN-SOVIET COMMUNIQUE

In response to the invitation issued by the Prime Minister of Canada, the Right Honourable Pierre Elliott Trudeau, during his visit to the USSR last May, the Chairman of the Council of Ministers of the USSR, Mr. Aleksei N. Kosygin, visited Canada officially as a guest of the Canadian Government from October 17 to 26, 1971.

The Chairman of the Council of Ministers of the USSR and his official party, who received a warm welcome, held discussions in Ottawa and visited Montreal, Vancouver, Edmonton and Toronto. An opportunity was provided for them to see different parts of Canada, to meet Canadians in many walks of life, and to become acquainted with their institutions, their life and achievements in a variety of fields, political, economic, scientific and cultural.

Mr. Kosygin's talks with Mr. Trudeau were carried on in an atmosphere of frankness, cordiality and mutual understanding, appropriate to the friendly, good neighbourly relations between the two countries and to the spirit of the Protocol on Consultations signed in Moscow on May 19, 1971. These conversations provided an opportunity for a useful exchange of opinions on international problems of interest to both sides and on questions affecting Canadian-Soviet relations.

Taking part in the discussions were:

On the Canadian side: The Honourable Paul Martin, Leader of the Government in The Senate; the Honourable Mitchell Sharp, Secretary of State for External Affairs; the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce; the Honourable Jean Chrétien, Minister of Indian Affairs and Northern Development; the Honourable Jack Davis, Minister of the Environment; the Honourable Donald Jamieson, Minister of Transport; R. A. D. Ford, Ambassador of Canada to the USSR; B. J. Danson, Parliamentary Secretary to the Prime Minister; and other officials. On the Soviet side: G. D. Dzhavakhishvili, Chairman of the Council of Ministers of the Georgian Soviet Socialist Republic; T. B. Guzhenko, Minister of Maritime Shipping of the USSR; S. P. Kozyrev, Deputy Minister of Foreign Affairs of the USSR; M. I. Misnik, Deputy Chairman of the State Planning Committee of the USSR; B. P. Miroshnichenko, Ambassador of the USSR to Canada; N. M. Lunkov, Member of the Collegium of the USSR Ministry of Foreign Affairs; and other officials.

The Heads of Government noted with satisfaction that Canadian-Soviet relations had further developed since their last meeting and that the desire expressed by both sides to expand exchanges between the two countries in as many areas as possible, on the basis of reciprocity and mutual advantage, was being implemented.

In the course of their meetings and talks both sides agreed that the Canadian-Soviet Protocol on Consultations had already been of value in the strengthening of mutual confidence, friendship and good neighbourliness between the two countries. A good beginning had been made in exchanging views at various levels and in exploring the possibilities of cooperation on a number of issues; they noted that these consultations had revealed a similarity of views on a number of current international issues. Examples of consultations under the Protocol included the recent meetings of the Foreign Ministers of Canada and the Soviet Union in New York, of the Permanent Representatives of Canada and the USSR to the United Nations, and of the Canadian and Soviet representatives in the Committee on Disarmament in Geneva. In the light of the experience so far in their consultations, the two sides decided to develop them further.

The Prime Minister of Canada and the Chairman of the Council of Ministers of the USSR, having set forth the foreign policy principles of their respective Governments, reaffirmed the attachment of Canada and the Soviet Union to peace and security and the development of international co-operation. They agreed that all States, regardless of their political and social systems, should in their relations with each other steadfastly abide by the principles of mutual confidence, reciprocity, respect for independence, national sovereignty, territorial integrity and equality of all States, non-interference in internal affairs, renunciation of the use or threat of force, and the settlement of disputes through negotiation in accordance with the United Nations Charter. The sides declare that in their mutual relations as well as in solving international problems they will invariably be guided by these principles.

The Prime Minister of Canada and the Chairman of the Council of Ministers of the USSR considered developments in the international situation since their last meeting in Moscow.

They stressed in particular the importance of ensuring European security for the preservation of universal peace and expressed their desire to promote the positive processes under way in Europe.

The Government of Canada and the USSR recognized the importance of the Quadripartite Agreement of September 3, 1971, between France, the UK, the USA, and the USSR, as an important step toward the easing of tensions in Europe. Hope was expressed that negotiations between the FRG and the GDR, and the Senate of West Berlin and the GDR would be concluded without delay—an outcome which would be a step towards further measures to promote détente and stability in Europe. Noting the favourable impact of the treaties concluded by the Federal Republic of Germany with the USSR and the People's Republic of Poland on the entire course of European affairs, the sides expressed themselves in favour of their entry into force as soon as possible.

Welcoming these positive prospects, both sides declared themselves in favour of a properly prepared conference on security and cooperation in Europe with the participation of all European states, Canada and the United States. They expressed the hope that such a conference would contribute to the normalization and improvement of relations among all European states. They considered that multilateral consultations on this matter between all interested countries would be useful.

Since the military confrontation in central Europe is particularly dangerous, it was agreed that early steps should be taken to seek a general agreement on the mutual reduction of armed forces and armaments in that area without detriment to the participating states.

Both sides support the objective of ending the arms race and achieving general and complete disarmament, covering both nuclear and conventional weapons, under strict and effective international control. Both sides consider it necessary that further practical steps should be taken in the field of disarmament; first of all, the effective prohibition of the weapons of mass destruction—nuclear, bacteriological and chemical. An important recent achievement was the draft Convention on the prohibition of the production, development and stockpiling of biological weapons and toxins and on their destruction. Canada and the USSR fully support this draft and call upon other countries to endorse the Convention at the current session of the United Nations General Assembly. They believe that the adoption of this Convention would constitute a first step towards the complete prohibition of chemical and bacteriological means of warfare.

It is the intention of both sides to continue furthering, jointly and separately, the adoption of partial disarmament measures, including the banning of underground nuclear tests, the reduction of military expenditures, and others.

In the course of discussions, a useful exchange of opinions took place on the proposal for a World Conference on Disarmament to consider the questions of disarmament in their entirety and especially the prohibition and destruction of nuclear weapons. The two sides agreed to consult further on this matter.

The Prime Minister of Canada welcomed the understanding reached by the Soviet Union and the United States of America on measures to guard against the accidental or unauthorized use of nuclear weapons under their control and expressed the hope that further progress would be achieved in working out agreed measures to limit and reduce strategic armaments.

The Chairman of the USSR Council of Ministers stated that the Soviet Government, attaching great importance to the continuing talks between the Soviet Union and the United States of America, would go on making efforts to achieve agreement on limiting strategic arms on the basis of the principle of equal security, which would meet both the interests of the peoples of the Soviet Union and of the United States of America and the objective of strengthening universal peace.

Various areas of tension throughout the world were examined by the two sides. It was noted that the situation in East Pakistan, the presence of many million Pakistani refugees in India and the resulting tension in that area continued to be a source of concern. It was agreed that to maintain peace and to prevent a further deterioration of the situation in that region it was necessary to achieve an urgent political settlement in East Pakistan that would take into account the legitimate rights and interests of its population and would facilitate a speedy and secure return of the refugees. This would be facilitated if the interested parties exercised restraint.

Both sides expressed concern about the continuing tense situation in the Middle East. They emphasized the need for urgent measures of a constructive nature on the part of all the States concerned to achieve a just and enduring political settlement of the Middle East problem. They agreed that the efforts of the special representative of the United Nations Secretary General, Ambassador Jarring, and of the four powers in consultation to promote progress toward a comprehensive settlement which would implement all the provisions of Security Council Resolution 242 of November 22, 1967, should be supported.

Having exchanged views on the situation in Indochina, the Heads of Government of the two countries noted that it continued to be a source of anxiety. They were in favour of restoring lasting peace in the area through a political settlement which would guarantee to all the peoples of Indochina the possibility of shaping their own destiny, in accordance with their national interests and without foreign interference.

Canada and the Soviet Union attach great importance to the United Nations, and confirm their determination to seek to strengthen the organization and to enhance its effectiveness in maintaining universal peace and security in accordance with the United Nations Charter. They attach great importance to the implementation of the Declaration on Strengthening International Security adopted by the United Nations and they express the hope that the member States of the United Nations will jointly agree on practical measures to put its main provisions into effect. The sides are in favour of the restoration of the legitimate rights of the Peoples Republic of China as the sole representative of China in the United Nations.

The Governments of Canada and of the USSR attach great importance to the widest possible participation in the solution of the problems involved in preserving and improving the human environment, including such problems as marine pollution. The United Nations Conference on the Human Environment to be held in 1972 could make an important contribution to the study of this problem so vitally connected with the living conditions of people and the further progress of civilization.

In their exchange of views on Canadian-Soviet bilateral relations, the two sides noted with satisfaction the further development of exchanges of visits of government and political leaders of the two countries and of representatives of business and other circles, as well as wider contacts in the fields of science, education and culture.

They affirmed that increased exchanges and cooperation, particularly in scientific, technical, cultural, as well as other fields, would provide a firm basis for the strengthening of friendly relations on the basis of mutual benefit. To this end, a General Exchanges Agreement designed to facilitate a broader range of exchanges was signed by the Heads of Government during the visit.

Attaching due significance to the expansion of Soviet-Canadian cooperation in the economic, scientific and technological fields, which is facilitated by the similarity of the natural conditions and economic problems of the two countries, the Governments of Canada and the USSR agreed to authorize the appropriate agencies to explore ways of establishing bilateral cooperation in these fields

on a long-term basis, making use of the advantages of the international division of labour.

The two sides had a useful discussion of the Soviet proposal for a general agreement covering the fields of economic development and technological and industrial cooperation. The Canadian side will give further study to this proposal.

The two Heads of Government also expressed satisfaction with the progress made in implementing the Agreement between the Governments of Canada and the USSR on Cooperation in the Industrial Application of Science and Technology. They noted that the Canadian-Soviet Mixed Commission set up under that Agreement was functioning well and planned to hold its next regular meeting in Canada in May, 1972. The working groups set up by the Mixed Commission have been concentrating on the sectors of industry offering the best prospects for further cooperation and the development of trade. Useful programmes of practical activities have been formulated by these working groups to take place through the coming year. Both sides indicated their intention of promoting the further useful work of the Commission and of the Working Groups on various sectors of industry and of elaborating and coordinating programmes for joint technological and economic projects and research.

Reviewing Canadian-Soviet trade, the Canadian side expressed satisfaction with the recently concluded wheat sales contract. This commodity would continue to be an element in mutual trade between the two countries. The Canadian side indicated that it would welcome and facilitate an expansion of imports from the Soviet Union, including machinery and equipment, and the Soviet side indicated that they would do likewise with respect to imports from Canada.

It was agreed that negotiations concerning the prolongation of the Trade Agreement for a further four years would begin early next year. It was also agreed that during these negotiations the Canadian proposal to set up a joint Commission for consultations on trade would be discussed.

Confirming the importance attached to the Arctic regions of both Canada and the USSR, both sides reviewed the progress made in the field of northern development. It was noted that the exchanges of experience and technology in this area, which is of common interest to the two countries had been productive and that opportunities existed for further advances in this area. Satisfaction was expressed over the recent successful visit to the USSR of the Canadian Minister of Indian Affairs and Northern Development, the Honourable Jean Chrétien. A promising result of that visit was that it facilitated agreement on a meeting in Moscow of technical experts to elaborate topics, organizational forms and methods for scientific cooperation on Arctic problems.

Noting that the severe climatic and unique ice and navigation conditions in the Arctic, as well as other specific features, call for increased efforts in developing and using the northern territories of the USSR and Canada, the two sides consider it useful to expand bilateral cooperation on Arctic problems. The two sides agreed that this kind of cooperation could be aimed in particular at preventing pollution in Arctic waters and taking other measures for the preservation in these areas of the ecological balance which is of importance for the protection of the human environment.

With a view to the further expansion of commerce between the two countries, it is the intention to continue discussions on the expansion of cooperation in the field of air transport and maritime shipping.

The Governments of the USSR and Canada, attaching great importance to the maintenance of regular personal contacts between government leaders of the two countries, express their intention to continue such contacts. The Chairman of the USSR Council of Ministers expressed his gratitude for the warm hospitality accorded to him in Canada.

THE SENATE

Wednesday, October 27, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Paul Martin: Honourable senators, in the absence of Senator Langlois, with leave of the Senate and notwithstanding Rule 45(1)(a), I move:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and Thursday, October 28, 1971, and that Rule 76(4) be suspended in relation thereto.

Hon. Mr. Flynn: May I ask why the honourable leader says "in the absence of Senator Langlois"? Why does he not take the responsibility of moving the motion?

Hon. Mr. Martin: Because it is a division of functions; I asked Senator Langlois to do it and asked him to be here.

Hon. Mr. Flynn: Yes, but it is as valid when moved by the leader as when moved by one of his deputies.

Hon. Mr. Martin: Perhaps the Leader of the Opposition will not understand this, but there are occasions when the Leader of the Government would like to be a little modest.

Hon. Mr. Flynn: It is not a question of modesty; I am quite sure it is a question of prudence.

Hon. Mr. Martin: You never get into trouble if you are prudent.

Motion agreed to.

TAIWAN

READMISSION TO UNITED NATIONS—QUESTION

Hon. Jacques Flynn: Honourable senators, may I ask the Leader of the Government (Hon. Mr. Martin) whether, in view of the decision taken in the United Nations to expel Taiwan because it claimed that it represented China—I did not say the Republic of China, but China—Canada would be ready to support an application by the people of Taiwan, represented by the government which has ruled the island for 20 years, to be readmitted as such as a full member of the United Nations?

Hon. Paul Martin: Honourable senators, it is not possible to answer that question, for the simple reason that Canada recognizes as the Republic of China the country in which Peking is located, and Taiwan regards itself as the Republic of China. There cannot be two Republics of China, as the Leader of the Opposition in the House of Commons said last night on television. There can be only one Republic of China. Canada has now recognized the Republic of China as being made up of the mainland territory. Taiwan continues to insist that it is the Republic of China.

Hon. Mr. Flynn: From the answer of the Leader of the Government I would understand that he considers the Republic of China does not claim to represent the Island of Formosa. Therefore, I am merely asking whether, if the Island of Formosa asked for readmission to the United Nations under the name of Formosa, or whatever you like, would Canada be willing to support the admission?

Hon. Mr. Martin: I do not think we should speculate in a matter like this. The fact is that Taiwan regards itself as the Republic of China. Canada does not regard Taiwan as the Republic of China.

Hon. Mr. Flynn: Not any more.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate, to the Canada-USSR General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971. (Honourable Senator Cameron).

Hon. Mr. Cameron: Honourable senators, I ask that this order stand until tomorrow.

Hon. Mr. Martin: Unless Senator Grosart wishes to proceed today.

The Hon. the Speaker: Honourable senators, this is tantamount to a motion. I understand that the honourable Senator Cameron wishes this item to stand. I am taking it upon myself to inquire whether any other honourable senator wishes to speak on this matter today. There being none, the order stands.

Order stands.

NATIONAL HEALTH

THERAPEUTIC ABORTIONS IN CANADA—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971. (Honourable Senator McDonald).

Hon. Mr. Langlois: Stand.

Hon. J. Harper Prowse: Honourable senators, if everyone wishes this to stand, it could stand.

An Hon. Senator: Hear, hear.

Hon. Mr. Prowse: If it is to stand, I am satisfied.

Hon. Mr. Flynn: You are always very flexible.

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Prowse speak now instead of the honourable Senator McDonald?

Hon. Senators: Agreed.

Hon. Mr. Flynn: That was just a façade.

Hon. Mr. Prowse: Honourable senators, my speed in rising before I had been granted permission to speak should not be interpreted by the Senate as a great desire to become involved in a subject in which anyone with any sense would not wish to become involved.

Hon. Mr. White: Hear, hear.

Hon. Mr. Prowse: First, I should say that I would be less than fair if I did not thank Senator Sullivan for his contribution in this debate.

Hon. Mr. White: Hear, hear.

Hon. Mr. Prowse: This is a matter upon which there is a complete divergence of opinion. Senator Sullivan not only clearly and succinctly, but beautifully, put the conservative position—the position of the conservative section of the Roman Catholic church. If my description is not correct, I shall be pleased to be so informed, but that is the position as I understand it.

Honourable senators, it is my thought that the members of this house, having reached an age where they are not too personally concerned with the problem, might not be prepared to put on the record the other point of view. It is my intention this afternoon to complete the record partially, not with the suggestion that I have all the answers or that I have read all the source material. Who ever will? I am participating in this debate to try to balance the position taken by Senator Sullivan with that taken by the women's liberation movement, who ask for abortion on demand. My only reason for bringing up this matter is that at some time this house will have to deal with legislation to resolve the great differences that exist between those who believe that abortion plain and simple, at any stage after conception, is a form of murder—is that fair?

Hon. Mr. Sullivan: That is right.

Hon. Mr. Prowse: —and those who say that, at least, up to some stage—which nobody can determine, so I do not apologize for not being able to determine it—the fetus is something that is merely an extension of the tissue of the mother, and what happens to that fetus is her business, and her business alone. These, as I see it, are the two extreme positions.

With respect to the judgment of Solomon I wish to say right now that Solomon was a coward. He was born 3,000 years before the kind of problem we have to deal with appeared. Otherwise he would never have gained the reputation for wisdom that is his today.

The problems that face us today are real and pressing problems, and we seem to be expected to exercise the kind of mythical discretion history has accorded to Solomon. As I recall the story, Solomon demanded that the child be brought before him and split down the middle, knowing that that command would never have to be obeyed.

Hon. Mr. Choquette: How many wives did Solomon have?

Hon. Mr. Prowse: I believe he had 1,000 wives.

Hon. Mr. Flynn: Then he had 1,000 problems.

Hon. Mr. Langlois: Only one problem for each wife?

Hon. Mr. Prowse: Honourable senators, on such a solemn topic, perhaps we should comport ourselves with less levity.

Hon. Mr. Martin: Senator Choquette is just envious.

Hon. Mr. Flynn: I agree with Senator Prowse in his assessment of history's depiction of Solomon, because if Solomon had cut that baby in two, rather than just suggesting it, he would have been known as the world's worst fool.

Hon. Mr. Prowse: I am glad that the Leader of the Opposition said that. I suggest to him that the beautiful part of Solomon's decision was that as a result of having had 1,000 wives to instruct him he was able to make a decision based on an understanding of women that he knew would not result in any damage to the child. Let us pray that God will give us the same kind of wisdom.

The facts are simple enough. Senator Sullivan has usefully placed before us the fact that since the legislation concerning abortion was changed a woman can go to her own doctor to request an abortion, and her request can then, on his recommendation, be sent to an abortion committee. Abortion committees are set up in hospital districts. These committees do not talk to or see the women. Nevertheless, they act as a kind of court of appeal considering merely transcripts of evidence, and we are not even sure that it is transcripts of evidence that they consider. Sometimes, possibly, they listen to tape recordings. In any event, they are supposed to decide whether, having regard for the physical or mental health of the woman, it is necessary to permit her to have an abortion.

• (1410)

Since that law went into effect there has been a great increase in the number of abortions in this country. We have no way of knowing whether this means that abortions which were previously illicitly obtained are now being obtained in this manner, or whether those who would not have considered an abortion before are now able to have it.

However, the argument is made, and I think probably with some justification, that it is not "little Susie" who is getting the abortion; it is not the little girl who is running around having not yet found a husband, and who trusted someone and was doublecrossed. It is not the little girl at the corner who is getting these abortions on which the honourable senator gave figures; it is married women and those who have money and contacts, who come from good families and who have access to a reputable gynaecologist, whose reference carries weight with the committee. It is not those in the lower social strata.

Whether this be true or not, the fact is that that is what is believed by the people who come to Ottawa, whether they call themselves Women's Lib or anything else, screaming for abortion on demand. Their story is that they should not have to go through this screening. They

are not fools. They ask what kind of doctor it is who can sit on that committee and, never having seen the patient and having no knowledge of the problems involved, give a useful, honest, and proper decision on something of so much importance, to the child in being. Perhaps I should use that term throughout, agreeing beforehand that it is subject to many interpretations. This is done without any consideration for the child in being, and without any knowledge of the facilities for looking after that child if it were brought into being. On what do they decide? Do these medical men make purely medical decisions? Do they make socio-economic decisions? Do they make psychiatric decisions? I would assume that somewhere medical men not trained in psychiatry are making psychiatric decisions, otherwise why would the psychiatrists petition and ask that this be taken out of the Criminal Code?

That brings me to ask: What are these provisions doing in the Criminal Code? I will tell you why they are in the Criminal Code. They are there because this subject is a carry-over from the old ecclesiastical courts, when everything that affected what can be generally described as morality was a matter of their jurisdiction.

Hon. Mr. Flynn: Do you mean natural law?

Hon. Mr. Prowse: No, natural law as perverted by a priesthood down through several centuries. I know this is an extreme statement, but I will not back down. I say the ecclesiastical courts did just that. They did it for their own reasons, but that is a matter for some other time. I do not have to bore you, because you know the answer.

Hon. Mr. Fournier (De Lanaudière): Honourable senators, I happen to know a little bit about the ecclesiastical court and I have no hesitation in, and no objection to, backing the statement of the honourable gentleman, although I am a practising Roman Catholic.

Hon. Mr. Flynn: The problem is not that. I was attempting to discover the difference between ecclesiastical law and natural law.

Hon. Mr. Fournier (De Lanaudière): If he will permit, I would refer the Leader of the Opposition to an article in *Le Devoir* of this morning. He will know something about it.

Hon. Mr. Flynn: I read *Le Devoir*, but not with the same fervour as does Senator Fournier (De Lanaudière).

Hon. Mr. Prowse: If you are finished with this little by-play, perhaps I can proceed.

Hon. Mr. Fournier (De Lanaudière): Who is making the speech?

Hon. Mr. Flynn: That is a very good question.

Hon. Mr. Prowse: I should perhaps have said this first. The ecclesiastical law that we have translated into the Criminal Code is not the Code of Rome, but the code of the Anglican Church. Whether it started while they were still part of the Roman Church or after they deviated from it, it came down in the same way. The point I am making is that in this day and age we should be concerned with laws that are carry-overs from the days when it was felt that the church, as it always has been, was responsible for morals, because when it is associated with the state the state is expected to back it up.

Today the churches are themselves divided within themselves. When the honourable Senator Sullivan spoke as eloquently as he did the other night, he did not speak for all Roman Catholics. He spoke for a particular section of the Roman Catholic Church, whose honesty, decency, usefulness and contribution to the welfare of mankind is beyond question. He was dealing with a question which is interesting, and which is not limited to the Roman Catholic Church. I have here an article from the United Church of Canada on abortion in which, surprising as it may be, full credit is given to the Roman Catholic Church for the belief that from the moment of conception there is at least a child in being, and that abortion is never less than the wilful taking of human life.

Hon. Mr. Flynn: This is a simplification, I would say.

Hon. Mr. Prowse: At that point Senator Sullivan and I have no quarrel. Unfortunately, I do not share with him the ability to leave the problem there. Today we live in a world in which the population is increasing more quickly than our ability to produce food. It has been called the over-population problem. If we let the matter rest by saying that God will decide, whenever people come together and have intercourse, whether there will or will not be children, then we have to face the fact that by the year 2000 we will have an over-crowded world. It can be likened to squeezing all the members of this house and the officials into the space now occupied by His Honour the Speaker. Our ability to feed one another will vanish.

I accept Darwin's theory that we have reached this point in our development as a result of natural selection; that there were casual and other kinds of couplings that went on, and then nature took care of the situation and only the strongest and cleverest survived.

• (1420)

By the very perfection achieved by the medical profession in keeping alive people whom nature obviously never had any intention of permitting to continue to exist we are caused, as a substitute for the ordinary, terrible, inexorable and cruel laws of nature, to face the necessity of somehow limiting our population.

Hon. Mr. Flynn: Does the honourable senator seriously suggest that the number of children a couple have should be limited? This is the only conclusion I can draw from his statements up to now.

Hon. Mr. Prowse: You know, at times you get really smart. You have got it, but you did not hear the whole story.

Hon. Mr. Flynn: I have to be smart, I agree with you.

Hon. Mr. Martin: Take it easy.

Hon. Mr. Flynn: It may get a little livelier. That is possible.

Hon. Mr. Prowse: Honourable senators, today we are faced with a problem which nature never intended. Instead of being able to depend on natural selection to decide who shall be the next generation, we now have to decide who shall be the next generation. I think this puts us in the position where we start to play God. So we have the problem, as has been pointed out, that some people do

not want children, for a variety of reasons many of which are certainly justifiable.

We should take the abortion law out of the Criminal Code. I say this for two or three reasons. One is that the whole thing is based on the idea that sex is wrong unless it has been approved first of all by the church.

There is much talk about the generation gap today. You can believe it, and you can practice it. You can preach it, but you are going to have a lot of empty pews if you preach it, because for years our magazines and media have been persuading people that sex is fun; that if you have not been having fun you have been cheated, and if you do not have fun where you are it may be that you can get it somewhere else.

Hon. Mr. Flynn: That is entirely irrelevant.

Hon. Mr. Prowse: Then we wonder why the divorce rate goes up.

Hon. Mr. Flynn: That has nothing to do with abortion.

Hon. Mr. Prowse: This is the beautiful innocence of those who have never been able to find out how others think. I envy him.

Hon. Mr. Flynn: Do not worry about that, as far as I am concerned.

Hon. Mr. Prowse: I had a friend, a newspaper columnist, whom I met at one time laughing. Turning to him, I asked what was so funny, and he replied that he had just read that a puritan could be defined as a man who goes through his life with a terrible fear that somewhere, somehow, sometime, someone may be enjoying himself.

Hon. Mr. Flynn: Do not worry about that.

Hon. Mr. Prowse: We have taught our young generation, in all the things we have made available to them, that sex is fun. We have taught them that all they needed to do was use the right kind of protection, and no one would know they were having fun—and I suppose secret fun is more fun that public fun. Unfortunately, all the little devices will not always work as they should. So, for the benefit of those who need to have it pointed out, abortions are sought by a great variety of women—unmarried women, married women who have all the children they want, and married women who just do not want a particular child for any one of a number of reasons. But out of the ecclesiastical past comes the old pressure: You must pay for your fun.

Let me say at once that I do not think society has any right any longer to try to exact that kind of price. First of all, there is no reason why a woman should be made to feel she has to have a child she does not want. As a happily married man with a family including grandchildren of whom I am proud, it has fallen to my lot to watch a woman going through the period of pregnancy, and I could not bring myself now, or then, to insist that I had a right to tell her that she had to undergo that trial. No matter how much I loved her or she loved me, it was her body and her child. If I could not by reasonable means persuade her that she should carry my child to completion and give it a chance to live, then I would not have guts enough to force her to bear a child she did not want.

We can talk about morality, but at what point does the child in being about which we have talked become a human being? At what point does it become a part of the state? At what point is the church able to give it absolution for sins that it has never committed, and guarantee its entry into heaven? And what have we proved? Not one thing. But we can argue about it from now until somebody drops a bomb and stops all our arguments. I would say that morally there can be one sin greater than an individual's sin, and that is a public sin. I suggest to you that it is a public sin which, by the sanction of the criminal law, tries to force a woman to bring into this world a child she does not want, and does not care for.

God knows that life is difficult enough for a child who has all of the advantages and all of the love it is possible for loving parents to give him. It is hard enough for that child, with his two loving indulgent parents giving him all of the material goods at their disposal. It is difficult enough for that child to find his way in the world today. Tell me what God says! Do you, or I, or the church have the right to say that that girl must pay for her sin—whatever that may be—

Hon. Mr. Flynn: What do you call a sin?

• (1430)

Hon. Mr. Prowse: —by forcing some poor, unsuspecting thing to become a living thing in a world where not only does it have no chance, but where everything is stacked against it?

That, honourable senators, is the argument on the other side, as well as I am able to present it.

Hon. Joseph A. Sullivan: The honourable Senator Prowse used my name in vain. I just wish to thank him very much for his kindness to me, and to tell him that he has stimulated me so much that I propose to speak again on this subject.

Having said that, I wish to correct two very erroneous statements he made early in his discourse. Doctor J. S. Walters, the distinguished Professor of Obstetrics and Gynaecology at the University of Western Ontario, speaking last week at the Academy of Medicine, Toronto, before members of the Ontario Chapter of the College of Family Physicians of Canada, said he disagrees

> —with women who say they own the unborn baby, that the fetus is part of them, without independent existence or rights, and that they should be able "to have it scraped out if they don't want it." The fetus is not a part of the mother's body: she is the carrier.

Hon. Mr. Prowse: With all respect, are you correcting your speech or mine?

Hon. Mr. Sullivan: Yours.

Hon. Mr. Prowse: Well now, what did I say?

Hon. Mr. Flynn: If you do not know, who does?

Hon. Mr. Sullivan: Furthermore, the Catholic church today does not recognize abortion in any of its ruling circles. There may be a few out in left field who talk in that way, and we have a few of them in this country. However, at this moment I can see that for a long, long time in the future it will maintain that stand, and I will do everything in my power to help it in that regard.

On motion of Hon. Mrs. Quart, debate adjourned.

TEMPORARY WHEAT RESERVES ACT

FAILURE OF GOVERNMENT TO MAKE PAYMENTS—OMISSION OF ACT FROM REVISED STATUTES OF CANADA, 1970—DEBATE CONTINUED

The Senate resumed from Wednesday, October 13, the adjourned debate on the inquiry of the Hon. Mr. Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the Temporary Wheat Reserves Act, and to the omission of that Act from the Revised Statutes of Canada, 1970.

Hon. Allister Grosart: Honourable senators, I had the impression when Senator McDonald last spoke on Senator Forsey's inquiry that he had the intention of terminating the debate. Senator McDonald said that the whole issue of the Temporary Wheat Reserves Act is now a dead horse. I adjourned the debate at that time because I had the impression that far from being dead—an expression in which Senator Smith joined Senator McDonald—the horse is still very much alive and kicking, and will remain so for some time to come. It reminded me of the famous remark of Mark Twain who, when apprised of a report of his death, said the report was exaggerated.

As a matter of fact, I have the impression that the dead horse is very much alive and kicking out in the direction of the aptly named Kicking Horse Pass, and perhaps also some 400 to 500 miles this side of Kicking Horse Pass, in an area named Assiniboia by the Indians, the English translation of which is "The place where they cook with the hot stones." The impression I gain from what I have heard is, if I may change the metaphor, that the hottest of the hot stones in that area at the moment is the failure of the Government to make payments under the act and to make sure that the act, still in effect, was included in the Revised Statutes of Canada. Those are phrases taken from the notice of inquiry given by Senator Forsey.

I am perplexed about the whole matter arising from the very strange actions of the Government in connection with this act, perhaps because I am not a lawyer. I am aware that in this chamber there are lawyers not only learned in the law, but eminently learned in the law. I asked some of them questions that occurred to me, and to my surprise not one of those whom I asked was able to answer. These questions occurred to me particularly when I was in receipt, free of charge, of this magnificent set of blue books, the cost of which is $125 at Information Canada. I, as a layman, assumed that in these seven beautiful volumes and appendices, and one entitled "1st Supplement" and another which I understand is to be issued, which will be entitled "2nd Supplement"—nine volumes in all—would be found the law of Canada. As a layman, I thought that if someone asked me if such and such is the law of Canada, I could look it up here and I find if it is the law of Canada. If it is not here, of course, it is not the law of Canada.

When the matter of the Temporary Wheat Reserves Act arose I decided I was interested, and might speak on it. Therefore, the first thing to do, of course, was to find the act. So I began to look through these volumes. For a layman it is not a simple thing to find his way through these eight volumes. I looked first at the index, which is in Volume I. It is worth reading into the record, because there are some important aspects of this whole matter that affect not merely the past but, in my opinion, the future handling of this very important subject of the Revised Statutes of Canada.

The Table of Contents first lists Volumes I to VII, which contain chapters A-1 to Y-4, consolidated to the 31st day of December, 1969, which was the original cut-off date of the commission. The 1st Supplement contains amendments to acts contained in the Revised Statutes of Canada, 1970, and new acts passed during the second session of the 28th Parliament in the year 1970. That brings it up to date to the end of 1970. The 2nd Supplement has not yet been issued, but it will contain acts passed during the remainder of the present session.

• (1440)

Appendix I deals with the history and disposal of acts; Appendix II with constitutional acts and documents; and Appendix III with the Bill of Rights. I assumed that in some place or another I would be able to find this act. It occurred to me that perhaps the place where I would get some direction is in the explanation which I find in a volume entitled "Appendices" under the heading "Revised Statutes of Canada. Explanatory Note". I said to myself, "Surely I will get some help here." The explanatory note says:

> This is the first time that a revision of the Statutes of Canada has been published in a bilingual format,

Something I think we all applaud.

> It is also the first time that a revision of the Statutes of Canada has been computerized.

Because I was unable to find the Temporary Wheat Reserves Act, I assumed I would also see a statement that this is the first time an act of Parliament still in effect had been left out, but the explanatory note was of no help to me there. It made no reference to the fact that an act unrepealed, still in force, had been omitted.

There was reference to Schedule A, which is the list of acts that have been repealed. This we find in the 1st Supplement, and I said to myself, "Surely it is here. It must have been repealed." The Schedule starts at page 1119. I looked through it very diligently, but there is no reference whatsoever to the act.

I still asked myself, "Where is it?" Then I found another section entitled "History and disposal of acts", which is in the volume of Appendices. I said to myself, "Surely, it is here. Here is the history of all the acts, and here is the account of their disposal." I looked through it and I found two letters "Om" against the number, year and chapter. I looked to see what "Om" stands for, and found that it stands for, "Omitted, repealed, spent." This is misleading, of course. The Temporary Wheat Reserves Act was not at the time of publication of these volumes, and is not now, repealed or spent.

Finding that possible source of information unreliable I said, "Well, it must be somewhere else. There must be a good reason." I therefore looked further, and to my amazement I found that although an act that is still in force was omitted, there were the B.N.A. Act of 1867 and subsequent B.N.A. Acts—amendments to the original act. I found the Constitutional Act of 1791, the Act of Union of 1840, the Rupert's Land Act of 1868, the Manitoba Act of 1870, the Prince Edward Island Act of 1873, the Yukon

Territory Act of 1898, the Alberta and the Sakatchewan Acts of 1905, and even the Statute of Westminster of 1931; and finally the Bill of Rights tucked away in the very last pages, for some reason that I do not understand. The Bill of Rights is an act of the Parliament of Canada, but for some reason it is given separate treatment.

Again unable to find the Temporary Wheat Reserves Act, I thought, "Well, perhaps the minister has said something about it." The minister has discussed this bill. He has discussed the complaints made by farmers and others that payments have been illegally withheld from them, and complaints from members of Parliament on the same score and on the score of the omission of this act from the Revised Statutes of Canada. The minister was asked, "Did you authorize the omission of this act from the Revised Statutes of Canada?" He replied, "No, I did not." He was then asked, who did, and he said that this was a decision of the commissioners; it was a joint decision. The minister is chairman of that commission, and he said it was a joint decision. Then he said that the same decision was made with respect to about 150 other statutes.

As a layman, this perplexes me. I have asked a number of honourable senators learned in the law whether there are many statutes still in force that are left out, and they have told me there are not. The minister said that there are 150 statutes of Canada that have been left out. The minister's answer was:

> It was a matter of judgment as to which statutes merited inclusion in the Revised Statutes of Canada.

I ask honourable senators—and perhaps somebody will explain it to me afterwards—how any commission is able to take to itself the authority to decide what statutes merit—and that is the word used—in their judgment inclusion in these beautiful blue books.

Naturally, I assumed there was some authority for this, and I turned to the act which set up the Revised Statutes Commission, chapter 48 of the Statutes of Canada, 1964-65. Again, as a layman, I was amazed to find the kind of authority that had been given this commission. Among other things, this commission, by act of Parliament,

> —may make such alterations in their language—

that is, the language of acts passed by Parliament.

> —as are necessary to preserve a uniform mode of expression, and may make such minor amendments as are necessary to bring out more clearly what it—

That is, the commission.

> —deems to be the intention of Parliament.

I do not know whether my very slight legal education was all in the wrong direction, but in the few years I spent studying constitutional law it was made clear to me that not even the courts have the right to interpret the intention of Parliament. I have been told that you cannot plead the intention of Parliament because the courts, quite properly, say, "It is our business to say what Parliament did, not what it intended to do." My understanding is that this inhibition holds for the Supreme Court of Canada, yet somehow by this act a commission of five or six people—I do not know how many; I have never heard their names mentioned—was given authority to decide what Parliament meant. To be fair, the word "minor" is used, but even the Supreme Court of Canada, if my interpretation of the law is correct, has not the authority to make even minor decisions on what Parliament meant, but only on what Parliament did.

I hope that in due course the Leader of the Government will give me replies to some questions arising out of this more or less fruitless, and certainly disappointing, search of mine for the raison d'être of this strange and, as far as I know, unparalleled decision taken by a Canadian government at any time in history in regard to a statute passed by the Parliament of Canada and currently in force.

Perhaps the Leader of the Government would also in due course inform the chamber who the commissioners are. There may have been changes and so on, but on a quick search I was not able to obtain this information. Perhaps he would tell us what the future plans are in respect to a commission to revise the statutes. No doubt the matter will be under consideration very soon. I should like to know what the plans are, and when the new commission will be appointed to revise the statutes as they accumulate.

• (1450)

I should like him to predict, if he will, as a member of the cabinet, whether they will be given the same extraordinary instructions. Will they be given explicit instructions to include in the Revised Statutes of Canada all acts currently in force and not repealed, in contradistinction to what this commission appears to have done in these blue books we received recently?

Will they be given instructions not—as they have done this time—to adjudicate upon the intentions of Parliament? Will they be told that it is the exclusive right of Parliament itself to decide what its intention is?

I would ask the Leader of the Government to tell us something about these 150 acts which are not repealed, but which are not included in the Revised Statutes of Canada. Where do we find them? Are there ready citations? Is there a ready index? Or should we be content to be in complete ignorance of these 150 statutes, and to take someone's word for it—the word of the commission—that they do not merit inclusion in the Revised Statutes of Canada?

I ask him also, in view of the result of this extraordinary situation, whether he will inform the chamber as to what steps are being taken to ensure that the rights of Canadian citizens under existing acts are to be respected by the Government in future.

I ask that question because it is clear now that the rights of citizens were arbitrarily swept aside by the Government, in defiance of a statute of the Parliament of Canada. I have to assume that it was on the instruction, or at least on the initiative, of the Government that the commission was induced to leave out the statute.

Hon. Mr. Flynn: You do not have to assume. It is obvious.

Hon. Mr. Grosart: I would agree with the Leader of the Opposition in that observation. Perhaps the observation is one that only one eminently learned in the law can make. I said it was an assumption of mine, as a layman, but I am glad to hear that it is obvious to lawyers.

I ask the leader also what action is being taken to discipline whoever was responsible for this, and not merely for the omission. I presume that the commission will not be allowed to get away with this without some reprimand, in spite of the fact that the Minister of Justice is the chairman. I assume that in due course he will carry, as chairman, a reprimand to himself and his colleague commissioners from the cabinet, who must be concerned because of the great difficulties that this has placed them in.

I am sure the Leader of the Government will not take the attitude of his deputy that this is a dead horse, because I am quite sure that he knows as well as I do that the horse is going to be kicking for a long time, and it will be kicking even harder if something is not done to make sure that this kind of thing does not happen again.

Hon. Mr. Martin: Would my honourable friend permit me to say that I have just been reading the debate of October 13, a very interesting one. I am surprised that Senator Grosart, who always protects us against any violation of the rules, apparently was in great violation that night.

Hon. Mr. Grosart: I am not sure whether this is an intervention, a comment, a judgment, a stricture, or a question.

Hon. Mr. Martin: It was a healthy intervention.

Hon. Mr. Grosart: I did not understand the reference to "that night."

Hon. Mr. Martin: I am referring to the night of October 13. After the matter was seemingly closed, Senator Grosart, with the approval of the Leader of the Opposition, came back to the matter. That was contrary to the rules of the house, and he did not ask leave.

Hon. Mr. Grosart: I thought the Leader of the Government was referring to the fact that I had quoted from a statement the minister made in the House of Commons, in which event I am prepared to justify that particular action.

I do not think I will argue the point the Leader of the Government has made, because it is quite normal to revert from one point of our proceedings to another.

Hon. Mr. Martin: With leave.

Hon. Mr. Grosart: As a distinguished senator once said in my hearing in this chamber, these are matters that His Honour decides. On that particular occasion His Honour apparently approved by moving the adjournment of the debate. Having the respect I have for His Honour, I must say, with great deference to the Leader of the Government, that I have to take His Honour's judgment as being correct, in spite of the suggestion—which I am surprised to hear from the Leader of the Government—that His Honour was not acting within the complete proprieties, because—

Hon. Mr. Martin: On a point of order, I said nothing that in any way would reflect on His Honour. What I said would reflect quite obviously and clearly on Senator Grosart. It is apparent that reference to the matter obviously is not very satisfactory from the senator's point of view. It seems to hurt.

[Hon. Mr. Grosart.]

The Hon. the Speaker: Honourable senators, may I intervene at this point to say that, following the discussion which took place on the date mentioned by the Government Leader, I examined the matter very thoroughly. I have a few pages here covering this particular point. Since this debate was proceeding very peacefully and amicably—

Hon. Mr. Flynn: It still is.

The Hon. the Speaker: —and since the honourable Senator Grosart has the floor, I thought we would escape getting into any legal arguments. I hope that we might proceed now with the honourable Senator Grosart.

Hon. Mr. Langlois: It is a dead horse.

Hon. Mr. Grosart: I thank Your Honour for your usual diplomacy. I take that as an amicable and peaceful settlement of the matter.

I might say personally that if I was egregiously out of order, and became convinced that I was, I would certainly apologize and accept the statement of the Leader of the Government that it hurt. If I was in that position, I agree with him that it should hurt to be so told. I have no objection to his drawing that to my attention. On the next occasion when, in a similar situation, the Leader of the Government attempts to move the adjournment of a debate through his deputy, I will make sure that I get my adjournment motion in much more quickly.

Honourable senators, there are some more questions which the Leader of the Government might be good enough to answer in due course. What is the present and future status of this act that has been so strangely dealt with? Has the Government any plans to compensate those citizens, whose rights were so clearly abrogated, for any inconvenience or loss they might have been put to as the result of what has been called the illegal action by the Government of Canada?

• (1500)

Perhaps I have said enough generally on the matter. I would like to make it clear that I am not concerned only with what happened in the past. I am equally concerned with what projection it may have into the future. I would certainly appreciate any information the Leader of the Government can give me on the extent to which I, as a layman, in future can rely on the Revised Statutes of Canada, in respect of scope, authenticity and general reliability, as a guide to the laws of Canada.

Hon. Mr. Martin: Honourable senators, Senator Grosart has asked me some questions, and I shall be glad to look into them.

Hon. Mr. Flynn: We will be looking forward to the replies.

The Hon. the Speaker: Do I understand that the honourable Leader of the Government has taken under advisement the questions that have been put to him?

Hon. Mr. Flynn: Your Honour, in order to clarify the record and avoid having the Government Leader make the objection he made just a moment ago so far as Senator Grosart is concerned, I think implicitly he adjourned the debate.

Hon. Mr. Martin: I have no objection to doing so explicitly.

The Hon. the Speaker: Do I understand that the Government Leader is now moving the adjournment of the debate?

Hon. Mr. Martin: Yes, although until my honourable friend Senator Flynn spoke, I had not intended to do so.

On motion of Hon. Mr. Martin, debate adjourned.

AIR CANADA

ANNUAL REPORT REFERRED TO NATIONAL FINANCE COMMITTEE

On the Order:

Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.—(Honourable Senator Hays, P.C.).

Hon. Donald Cameron: Honourable senators, Senator Hays has advised me that he does not wish to speak on this matter. It is my understanding that His Honour the Speaker may now put the question on the motion. I wish only to say that in the light of events that have transpired since I spoke on this motion, it is my opinion that it is all the more desirable that we ask the officers of Air Canada to appear before the Standing Senate Committee on National Finance at the earliest convenient opportunity.

Motion agreed to.

FOREIGN AFFAIRS

STATEMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS ON NUCLEAR TEST AT AMCHITKA—QUESTION

Leave having been given to revert to Question Period.

Hon. Donald Cameron: Honourable senators, may I direct a question to the Leader of the Government? In view of the statement made today by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the effect that the United States has just announced President Nixon's decision that the underground nuclear test at Amchitka will take place on or shortly after November 3, I wonder if the Leader of the Government has any comment to make.

Hon. Mr. Martin: Honourable senators, I have the statement of the Secretary of State for External Affairs in which he announced that the test was going ahead. Perhaps I could table this statement, and make it part of the record.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Martin tabled:

Copies of statement made today in the House of Commons by the Honourable Mitchell Sharp, Secretary of State for External Affairs, respecting the announcement by the United States that the underground nuclear test at Amchitka will take place on or shortly after November 4, 1971.

(*The text follows*)

Members of the House will be aware that the United States has just announced that the underground nuclear test at Amchitka will take place on or shortly after November 4.

The Government deeply regrets this decision and shares the widespread concern of the people of Canada as expressed in the resolution of this house of October 15.

I need not remind the house that the Government has both publicly and privately made clear to the United States Canada's firm and consistent opposition to the continuation and escalation of nuclear weapons testing, and our specific concern about the threat the Amchitka test poses to the North Pacific environment that we share with them, with the Russians and the Japanese.

Our Ambassador in Washington was notified of the President's decision this morning shortly before it was made public. I at once took steps to contact Mr. Rogers, the American Secretary of State, and have conveyed to him that this action on their part can only result in a deep sense of disquiet among Canadians.

The hard fact, Mr. Speaker, is that in the end the American Government has the legal right to carry out this test. It presumably is doing so in accordance with what it perceives to be the national interest of the United States. We have never suggested that this test involves a high element of risk but no one denies that risks exist.

Canada and other nations threatened will necessarily hold the United States responsible for any short or long term effects of this test.

To conclude, Mr. Speaker, I would like to remind the House that our specific objections to this test are wholly consistent with Canada's opposition to nuclear weapons testing of all kinds and by all nuclear powers.

Hon. Mr. Flynn: Essentially, it means that the Government can do nothing about the test.

Hon. Mr. Martin: The Government regrets the decision to go ahead, but obviously there is nothing that the Government can do except express, as the Prime Minister did and as Mr. Sharp did, very strong disagreement.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 28, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of documents, issued by the Department of Manpower and Immigration, setting out the details of the Local Initiatives Program and the Manpower Training elements of the Special Employment Plan.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, November 2, 1971, at 8 p.m.

Motion agreed to.

MASS MEDIA

SALE OF INDEPENDENTLY OWNED NEWSPAPERS—QUESTION

Hon. Keith Davey: Honourable senators, I would like to ask the following question of the Government Leader: In view of the demise and expiry this Saturday of the Toronto *Telegram* and in view of the disappearance in recent weeks of three more independently owned Ontario dailies into chain ownership—specifically the purchase of the Belleville *Intelligencer* by the Thomson Newspapers Limited, and the purchase by Southam Press Limited of not only the Brantford *Expositor* but also the Windsor *Star*—would the leader agree with me that it is regrettable that the Government has failed to implement the proposal of the Senate Committee on Mass Media calling for a Press Ownership Review Board, an agency which would have been required to consider whether or not these purchases, as well as the purchase by the Toronto *Star* of *Telegram* subscription lists, were in fact in the public interest?

Will the leader draw this problem to the immediate attention of his colleagues in the cabinet while there are still at least a few remaining independently owned daily newspapers in Canada?

Hon. Paul Martin: Honourable senators, Senator Davey gave me a copy of his question this morning and advised me of his intention to ask the question this afternoon. I can say that I will see that the question which he raises is again directed to my colleagues. It is a fact that the Government has considered the implications of the sale of the Toronto *Telegram*. I can say no more at this time because, as a result of the Government's review of this matter, a statement is about to be made by my colleague, the Minister of National Defence, who comes from Toronto. I think that I should not anticipate what he is going to say.

Hon. Mr. Walker: I am sure that the Liberal members of this chamber feel very badly about the *Star* taking over the *Telegram* mailing list.

Hon. Mr. Connolly (Ottawa West): It is a local question.

• (1410)

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—DEBATE CONTINUED

The Senate resumed from Tuesday, October 26, the adjourned debate on the inquiry of Hon. Mr. Martin, calling the attention of the Senate to the Canada-U.S.S.R. General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

Hon. Donald Cameron: Honourable senators, first of all, I should like to compliment the Leader of the Government on the very full statement he made on the agreement between the Government of Canada and the Government of the U.S.S.R. This was printed in *Hansard* on October 26.

I would like also to compliment the Leader of the Opposition on the very fair statement he made on the same day. I was particularly struck by two paragraphs in his speech, which are indicative of the usual generous and fair line which he takes. I recognize that at times he feels the need to insert a needle into the Government but this adds to the piquancy of debate in this house. The first of these paragraphs, which epitomizes what most Canadians feel, is found at page 1390 of *Hansard* of October 26, and it reads:

> Trust and understanding are generative of friendship, and perhaps the time has come for us again to make an act of faith in the goodwill of the U.S.S.R. to see if we can restore the concept of peace from its present debilitated condition to one of vigorous good health.

That is a statement with which all of us can agree. Further down, in the same column, Senator Flynn made a further statement:

> We are given by this General Exchanges Agreement the opportunity to perforate the iron curtain, to alleviate fears, to nullify mistrust, to educate and to be educated. Human contact and communication is the best antidote possible to the poison of suspicious chauvinism.

These are very good statements.

All members of the Senate will have read with interest the agreement and the communiqué to which I have referred. Both of these documents are printed in *Hansard* of October 26. They are significant documents, marking a further practical and common-sense attempt to bring about closer relations with our powerful northern neighbour, based on intelligence and understanding. To have

good relations with our northern neighbour need in no way cause us to have poorer relations with our powerful neighbour to the south, who has been around a long time and will continue to be in the future.

Hon. Senators: Hear, hear.

Hon. Mr. Cameron: As a matter of fact, it is only common sense for Canada to seek the best possible relations with both of our neighbours, and, as far as possible, to work toward the development of better relations between the U.S.S.R. and U.S.A. By so doing, we are supporting the recent initiative of President Nixon who, as we all know, is going to Russia for the purpose of exploring the matters of arms reduction, troop withdrawals, trade relations, and related matters.

By the fact of geography, Canada stands between the presently two most powerful nations in the world. If the tragedy of conflict between those two nations and their conflicting ideologies ever came to pass, Canada would be the Belgium of World War III. This is an eventuality which must be avoided at all costs. Anything that Canada can do to develop closer relations between the two and between ourselves and them is a cause worthy of our best efforts. It is in this context that we welcomed the visit of the Chairman of the Council of Ministers of the U.S.S.R., Mr. Kosygin.

In spite of some unpleasant episodes caused by irresponsible groups and individuals, I think it must be concluded that Mr. Kosygin's visit must be looked upon as a very successful beginning to what we hope will lead to a mutual expansion of trade, scientific and technical, as well as cultural knowledge. Canada can only be the gainer from such an interchange. Russia's technical and scientific skills are second to none while her cultural programs in both the performing and visual arts are the envy of most countries in the world.

I think it is appropriate at this time to draw attention to the fact that in the last 18 months Canada, on the initiative of the Prime Minister, has played a role of importance on the international stage far out of proportion to her status as a small power. Some 18 months ago the Prime Minister announced a reduction in Canada's deployment of armed forces as part of NATO in Europe. By taking this decision he acknowledged the fact that we were a small power and that we had no pretensions to the role of being even a middle power. This decision was not universally popular, but it was one which made common sense. It needs to be emphasized in this context that Canada did not withdraw from NATO. She is still a partner in that exercise and I hope an understanding one.

I do not think for a moment that any reasonable person will suggest that the reduction of Canada's contribution to the NATO forces in Europe from 10,000 men to 5,000 will have any significant effect on the balance of power in NATO. Furthermore, it seems to me that those 5,000 men can be more usefully employed in Canada, and, in particular, in Canada's northern and Arctic regions. I think Canada's armed forces can and should play a much greater role than they have in the past in the Arctic, and I do not think our northern neighbours will feel particularly that these forces are being deployed against them; rather, they will feel that these forces are being deployed as part of our development of the resources of the Canadian north. On the other hand, if we should be faced with the ultimate disaster of conflict between the super powers, Canada as a part of the real estate of North America would be so looked upon by the United States whether we liked it or not.

So there is no question but what our fortunes are inextricably involved with those of the United States. In fact, we will be lucky if in the next 25 years Canada will not become an economic appendage of the United States. There are some people who suggest we are now, although I do not think that is quite accurate.

Without in any way intending to denigrate the United States, I hope we will be able to maintain and enlarge our political and cultural identity as something different and distinct from that of the United States. The Prime Minister's initiative vis-à-vis NATO was the first of a number of major developments of the last few months. The second instance in which Canada played a significant and major role was in the steps she took to recognize the People's Republic of China. Canada did recognize the People's Republic of China and in so doing caused many other people to re-examine their thinking, with the result that was so dramatically confirmed in the United Nations on October 22. This was a major step in the changing pattern of world affairs, and one which will have far-reaching results in the years to come.

• (1420)

The third event of significance was the Prime Minister's visit to Russia, when he toured that country and saw first hand its people, institutions and particularly its developments in the north. He received a cordial and very warm welcome, and I have reason to believe he made friends for Canada. The result of that visit was his invitation to the Chairman of the Council of Ministers of the U.S.S.R. to come to Canada.

The fourth event of significance in this chain of events was Prime Minister Kosygin's visit to Canada last week. I think that this was a very significant step forward in international understanding and the evolution of more friendly relations. I think from the standpoint of the expansion of trade it came at a very timely moment in our history.

The fifth step in this series of events was the one I referred to earlier, the admission of China to the United Nations in a very decisive way on the evening of October 22. The march of events has been dramatic and rapid. The admission of China to the United Nations marks a change in the international power structure and a very significant one. I wish to point out in this context that in the long pageant of history half a century is but a moment in time. In the last half century, from 1917 to 1971, a matter of 54 years, we have witnessed tremendous changes in the power structure in eastern Europe and in Asia.

As I said in my speech in this house on October 13, we are at a stage in our history where even greater changes are taking place in the evolution of a new power structure in Asia. In 1917 we witnessed the Russian Revolution, which by 1920 had pretty well established the Communist party in power in that country, where it remains strongly entrenched today.

I think it is hopeful, as the Leader of the Opposition emphasized, that there is a change in attitude. The attitudes of the cold war are breaking down, thank goodness, and there is a greater receptivity to the seeking of understanding of different ideologies and differences in people.

As far as the Russians are concerned, I feel confident that they are liberalizing their programs. And probably those of us in this country who have been very much anti-communist or anti-Russian are somewhat less so today than 10 or 15 years ago. This does not mean that they are compromising their political views or ideals, but that they are being pragmatic and are attempting to realize an accommodation, that a compromise is inevitable—and compromise is the art of politics. We must be prepared in Canada to accept change, and I am happy that Canada has played such a major role in the last few months in assisting in bringing about changes in the international structure which will have far-reaching and long-term consequences.

I think in the main that the visit of the Chairman of the Council of Ministers of the U.S.S.R. was looked upon as a significant and important event in Canada. In general there was a warmth to the welcome which exceeded anything I expected; I am happy this was so. Unfortunately, there was an unpleasant side to this visit.

I refer particularly to the actions and the attitudes of some of the protest groups. Now, let me make it perfectly clear that this is a free and democratic society. One of the things that we have prided ourselves upon in years past, and I hope we will in the future, is the right of dissent. However, there are ways of dissenting which are acceptable to people, and some of the things we witnessed in the last week are not acceptable to me nor to many other Canadians. The attack on Mr. Kosygin in front of the East Block left a rather sour taste. As our Prime Minister said, he was chagrined, he was ashamed that this could happen in Canada.

The point I wish to make is that the actions of these groups have caused Canada to lose something that has been very precious. I am sure some of you will remember that in days gone by Prime Minister St. Laurent used to walk from this building to his home on Sussex Drive alone or with a friend. John Diefenbaker did the same, and Prime Minister Trudeau does it today. Distinguished visitors should be able to come to this country and walk about the mall, and downtown, see it and get the feel of it.

I was rather touched that in an interview Chairman Kosygin gave to Bruce West of the Toronto *Globe and Mail* he said he was sorry he was not able to go into a Canadian home. As one who has travelled widely around the world, I know from personal experience what it means to go into a home in a foreign country. It is something that is good for the guest and good for the host. I hope the time will come when a foreign visitor, whether it be Chairman Kosygin, President Nixon or someone else, will be able to walk about our streets freely.

Hon. Mr. Choquette: How can you expect that when we have here ethnic groups who have come from behind the iron curtain and have been pushed around extremely by those who are our guests? Do you expect them to wave flags? Do you expect that kind of response as long as there is that kind of treatment given to those people over there?

Hon. Mr. Cameron: My answer is that you will catch more flies with honey than with vinegar. If I were striving to influence Mr. Kosygin, or whoever it might be, to achieve something for myself or my people, I think I would get further by observing the amenities and by following protocol. This does not mean in any sense that I would deny the right of people to protest, but there is a way of doing it that can be much more effective, dignified and in keeping with the traditions of freedom in this country. To be practical about it, I would advise them to obtain a permit for their protest and to hold it at Lansdowne Park, or somewhere similar, where they could do all the shouting, screaming and yelling they liked, but they should not use Parliament Hill for that purpose as they did last week. I resent the sort of thing that occurred when I went to the National Arts Centre the other night and was obliged to walk on the street because a group of not very bright-looking people were on the sidewalk shouting, "Kosygin pig, go home". The nearest thing I saw to pigs there that night were the people who were doing this. This does not reflect any credit on us.

Hon. Mr. Choquette: They did not do that to Senator Martin.

• (1430)

Hon. Mr. Cameron: I am sure that had Senator Martin been trying to get in, as were the rest of us, he would not have been very happy about the incident either.

In a democratic society we must preserve the right of people to dissent. There is a way of doing it that is much more effective than the methods we have witnessed not only this past week but on several occasions in the past. I hope that we can return to a standard of conduct regarding international visitors, no matter who they are, by which Canada lives up to its reputation as a free country where people's individuality is recognized, and where nothing happens to cause us shame.

Hon. Mr. Yuzyk: Did I understand Senator Cameron to say that the nearest he saw to pigs were those who were demonstrating legally before the National Arts Centre?

Hon. Mr. Cameron: I said that I saw one particular group of about 20. I do not know who they were. They were young people. I do not think they were Ukrainians, but they were acting in a manner that was not a credit to themselves or to Canada.

I come from a part of Canada where there are many Ukrainians, and I have a lot to do with them. I have always had great admiration for them. Sometimes they exasperate me a little. I have been invited to towns like Vegreville, Smoky Lake and Mundare under the auspices of the Ukrainian Nationalist Association. On more than one occasion groups—they did not call themselves communists—set up an opposition meeting in a hall across the street. I have seen this happen in reverse. I know the sort of thing that goes on, and the division that exists even among people of the same ethnic background.

Ukrainians, Jews, Latvians, and Estonians have added a great deal to the culture of this country. They have been productive in industry, agriculture, and in the arts, and we want to keep it that way.

The point that I wish to make, with all the emphasis that I can muster, is that there is a better way to conduct protests than the happenings of last week. One of the reasons for the unpleasantness that developed in some areas—and in the main we were fortunate that there was not more unpleasantness—is that we have been rather lax in the enforcement of our laws. There are laws on our statute books to deal with infractions of the peace, with assaults and the invasion of people's rights, and when these have occurred the police have taken people into custody. They may have arrested them, but usually they have taken them away and nothing has happened. They have been released without penalty, and in my judgment this is a mistake.

The time has come when Canadians for their own protection and the protection of the good name of this country must enforce the law regardless of the offender. We have to keep that in mind. My feeling is that, as a result of what happened in some instances last week, Canada lost a little of the image of which we are all so proud. Our escutcheon as a dignified and free people has been tarnished by this action.

I wish here to say something about the news media which played up the attack on Mr. Kosygin by a man named Matrai, who was hailed as a freedom fighter from Hungary. Members of this chamber are very conscious of what happened in Hungary in 1956, and Canada, again with her traditional hospitality and generosity, reached out the hand of friendship to those people. We welcomed many thousands of them here, and most are now good Canadian citizens.

The young man who is reported to have attacked Mr. Kosygin, according to the newspaper stories, was 12 years old when he came to Canada. He is now 24, and was described as being a freedom fighter from Hungary. Such nonsense! This kind of person, when played up by the news media, becomes a hero to a certain type of people. On a CBC program a fellow whose name is Campbell, and who was associated with Matrai, was interviewed in front of the East Block. He was asked "Were you with Mr. Matrai?" and he answered yes. He was then asked "Did you come from Toronto to attack Mr. Kosygin?" and he said no. He was further asked, "Why did you do it; why was it done?", to which he replied that he had jumped over the barricades in the excitement of the moment. When he was asked why he did that, he said he did it to get the publicity. That is exactly the sort of thing that happens when the media feature the actions of irresponsible publicity-seeking people.

Hon. Mr. Belisle: Senator Cameron mentioned that the person who attacked Premier Kosygin was from Toronto. He also said that he came to Canada at 12 years of age, that he is now 24, and was a freedom fighter. He then said, "Such nonsense." May I ask Senator Cameron whether he is saying "Such nonsense" to all those who are fighting for freedom?

Hon. Mr. Cameron: No. I said that he was labelled a Hungarian freedom fighter. If he had been in Ireland this past week, at 12 or 14 years of age he could have been a freedom fighter, because two boys there of that age were packing machine guns. But certainly this lad was not a freedom fighter in Hungary 12 years ago. It is nonsense to say that he was a freedom fighter.

Hon. Mr. Grosart: Would Senator Cameron not agree that he could be a freedom fighter in Canada even if he came to this country at the age of 12, and is now 24? To Senator Cameron's knowledge, did he say that he was a freedom fighter in Hungary?

Hon. Mr. Cameron: That is the way he was described in the newspaper story. I do not know whether he could be a freedom fighter in Canada. I need not remind honourable senators of some of the things that happened a year ago in October. Those people probably thought they were freedom fighters.

Hon. Mrs. Quart: I heard the interview to which Senator Cameron referred. The young man who was interviewed said that at 12 o'clock that day they did not even realize what was going on until they saw all the limousines and found out that Mr. Kosygin was here. I do not agree in any way with the attack upon Mr. Kosygin, but it was mentioned in the interview that had the Prime Minister and Premier Kosygin followed the original security plans, the incident could not possibly have happened. Therefore the attack could not have been premeditated. Had the Prime Minister and Mr. Kosygin left the Centre Block by the route they should have taken, instead of going the way they did, the incident would not have happened. Does not that, to a certain extent, exonerate this young man?

Hon. Mr. Cameron: Not in my book. The honourable senator is quite right in that the young man did say that up until 12 o'clock he did not know that Mr. Kosygin would be there. However, he was asked the question, "Why did you climb over the fence?", to which he replied, "In the excitement of the moment, and to get publicity."

The point I am making is that had this happened in the U.K., or in some other country, it would not have had the degree of publicity it received here. In fact, I think the media is doing a disservice to the Canadian people by overplaying and distorting out of all proportion incidents of this kind. As a result, many of these young irresponsible people, students and older people equally mischievous and irresponsible, are participating in these incidents because they know they will be featured on television, and become heroes to the members of their particular group.

Hon. Mr. Forsey: Senator Cameron referred to the events of last October in the Province of Quebec, and suggested that some of the people concerned in those events, in some way which I could not hear, might conceivably have been described as freedom fighters. Could I ask Senator Cameron to explain what he meant by that reference, because it was slightly obscure to me?

Hon. Mr. Cameron: Some people in Quebec referred to themselves at that time as freedom fighters. I do not wish to get into that argument because, again, I think this is one of those inconsequential things that is distorted out of all proportion by the media. That is all that I meant by my comment.

On the same CBC program—and I might say that I have been a defender of the CBC all my life—there was an interview with the President of the Edmund Burke Society. Again, I do not think he had much to say. I have no quarrel with the fact that he was given time on the CBC,

but we have to be very careful that things are not distorted out of proportion.

• (1440)

Some of last week's events which were actually insignificant in the total picture of the Canadian scene were played up by the national news media, both print and electronic, out of all proportion to their importance. It will only encourage more of the same kind of action. I hope that more responsibility will be exercised by the media in the future. This kind of activity, this disturbance of meetings and assault on personalities, must be stopped—and it can be stopped if we simply enforce the laws now on our statute book. We have been all too namby-pamby in this respect. We have witnessed a breakdown in discipline in our society, a discipline that I am sure will have to be re-imposed if we are to play the role we should in this country. The pendulum has begun to swing back, certainly in the universities and, I think, in young people's groups, and this is all to the good.

I want to emphasize that the events of the past week have underlined the need to enforce the law. One of the reasons individuals and groups have flouted the law and caused trouble is that our law enforcement authorities have been too lenient. They have let these people go unpunished or undisciplined. Our news media has distorted the incidents out of all proportion, and as a consequence some people think they can break the law with impunity. Once any law comes to be looked upon as something that can be flouted, there is a depreciation of the currency of law to the detriment of the whole country.

On the whole, the visit of the Prime Minister of the U.S.S.R., and the discussions which took place while he was here, were all to the good. But he was not given the opportunity to see Canada in the way I was hoping he would see it, and in the way I hope President Nixon and President Tito will see it when they come here. One cannot see much if one is behind a wall of security people who are trying to hold off those who might attack. This was a sad thing that happened in Canada last week and I hope it will not happen again.

Hon. Mr. Choquette: Do you not think that if you went to those countries you would be surrounded by security men?

Hon. Mr. Cameron: I was in some of those countries but, not being a president of a country or of that level, I did not need protection. They have security forces, but I do not think they were as obtrusive anywhere as they were here last week. Even if they were, this is something that is alien to Canada, something I hope will never happen again. It will require the collective effort of all of us to re-establish the standards and the traditions which we have lost in the past few days.

Hon. Mrs. Kinnear: Honourable senators, on behalf of honourable Senator Croll, I should like to move the adjournment of the debate.

The Hon. the Speaker: Honourable senators, on behalf of Senator Croll, it is moved by honourable Senator Kinnear, seconded by honourable Senator Boucher, that this debate be adjourned to the next sitting.

Hon. Mr. Martin: I think Senator O'Leary wants to speak.

The Hon. the Speaker: Honourable senators, may I take this opportunity to deal with a certain problem which occurs from time to time when an inquiry or debate is proceeding and an honourable senator rises in his place to move the adjournment of the debate. I think I should at that point inquire if there is any other honourable senator who is ready to speak.

In this case, the honourable Senator Kinnear is moving, on behalf of the honourable Senator Croll, that the debate be adjourned. Is there any honourable senator who is ready to speak now?

Hon. Mr. Yuzyk: Honourable senators, I intend to participate in this debate, but I would prefer to speak after Senator Croll, now that he has indicated he wishes to speak. I shall be ready to speak next week.

The Hon. the Speaker: Honourable senators, my intervention at this time was to inquire, before I put the motion, whether any honourable senator would like to speak now. There being no honourable senator who indicates a desire to speak now in this debate, I will put the motion.

On motion of Hon. Mrs. Kinnear, for Hon. Mr. Croll, debate adjourned.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, before I move the adjournment of the house, I would remind you that this debate, which has just been adjourned, will continue next week. I understand that at least two honourable senators will speak on Tuesday evening.

The Standing Senate Committee on Banking, Trade and Commerce will meet next Wednesday and Thursday. There will be meetings also of the Joint Committee on the Constitution. Therefore, the Senate will be busily engaged during the coming week.

The Senate adjourned until Tuesday, November 2, 1971 at 8 p.m.

THE SENATE

Tuesday, November 2, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

CENTRAL-DEL RIO OILS LIMITED—COMMONS AMENDMENT CONCURRED IN.

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-12, respecting Central-Del Rio Oils Limited, and acquainting the Senate that they have passed this bill with one amendment, to which they desire the concurrence of the Senate:

Page 2, after line 42, add the following as a new clause:

A majority of directors of the company or its successor shall at all times be Canadian citizens ordinarily resident in Canada.

He said: Honourable senators, when shall this amendment be taken into consideration?

Hon. Ernest C. Manning moved, with leave of the Senate, that this amendment be concurred in now.

Hon. Mr. Flynn: I wonder if Senator Manning wishes to comment on this amendment, or perhaps he would suggest that it does not deserve any comment.

Hon. Mr. Manning: Honourable senators, you will recall that when this bill was first dealt with in the Senate it made provision for the Central-Del Rio Company, which was incorporated under the Companies Act of Alberta, to become recognized as a company with federal status in order to permit its amalgamation with another federal company under the Canada Corporations Act. When the bill was dealt with in the House of Commons it was felt that a clause should be included requiring that a majority of the directors in the company or its successors should at all times be Canadian citizens. That is the sole purpose of the amendment.

Hon. Mr. Connolly (Ottawa West): That is satisfactory.

Amendment concurred in.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Consolidated Index and Table of Statutory Orders and Regulations published in the *Canada Gazette*, Part II, for the period January 1, 1955 to September 30, 1971.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, October 27, 1971, pursuant to section 7 of the Regulations Act, chapter R-5, R.S.C., 1970.

Report of the Canada Council, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 23 of the Canada Council Act, chapter C-2, R.S.C., 1970.

Copies of two reports, prepared by the Canadian Wildlife Service for the Department of the Environment, respecting the Suffield Military Reserve: one an ecological appraisal, dated June 1971, and the other an environmental study, dated August 1971. (English text).

THE SENATE

USE OF CHAMBER BY INTERNATIONAL ORGANIZATIONS—APPOINTMENT OF AD HOC COMMITTEE—MOTION WITHDRAWN

On the Motion:

That a Special Committee of the Senate composed of five senators be appointed to consider and report upon the use of the Senate Chamber.

Hon. Rhéal Bélisle: Honourable senators, I am given to understand that certain positive steps are soon to be taken which should lead to our establishing a clear policy with regard to such matters as the use of the Senate Chamber. The assurances that I have been given satisfy me; consequently, I ask that my motion be withdrawn.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion withdrawn.

CANADA GAZETTE

PUBLICATION OF REGULATIONS—QUESTION

Hon. Allister Grosart: Honourable senators, I should like to direct a question to the Leader of the Government. The question refers to the three sheets of paper which were, I believe, received by all honourable senators during the last week. They are extras of the *Canada Gazette*, Part II.

• (2010)

One, for example, deals with shirts—men's shirts, boy's shirts—and describes how a person may receive permission to import 12 shirts if he so wishes under the relevant act. The question I want to direct to the Government is: Why is it regarded as necessary to print these inconsequential regulations as an extra in view of the fact that Part II of the *Canada Gazette* is published regularly on the second and fourth Wednesday of each month. Is there some particular reason why we are now adopting this particular approach to the publication of the *Canada Gazette*?

Hon. Paul Martin: I will take that as notice.

23351—89½

FOREIGN AFFAIRS

GOVERNMENT FOREIGN AID POLICY—QUESTION

Hon. Paul Desruisseaux: Honourable senators, I should like to direct a question to the honourable the Leader of the Government in this house. The United States Senate defeated a $2.9 billion foreign aid bill last week. According to a press release, Senator Mike Mansfield stated that this move may well mark the end of the foreign aid program. In view of this new American attitude with respect to foreign aid, may I inquire from the leader as to what will be the foreign aid policy of the Government of Canada in the coming months?

Hon. Paul Martin: There will be no change in the policy of the Government of Canada on foreign aid.

THE SENATE

APPOINTMENTS—QUESTION OF PRIVILEGE

Hon. Jacques Flynn: Honourable senators, I rise on a question of privilege affecting the Senate. Perhaps the Government Leader may be able to clarify it. In the Montreal *Gazette* on Saturday last there was published an interview between the Prime Minister and Mr. Charles Lynch. I should like to quote part thereof:

> Q: Well, the first one is are you going to fill the vacancies in the Senate, and why have you waited so long?
>
> A: Well, that's linked with the parliamentary secretaries. The accusation is that I'm naming too many parliamentary secretaries and spending government money . . .
>
> Q: Well, you're fulfilling Parkinson's prophecy . . .
>
> A: Well then, why fill the Senate?
>
> Q: Well, because it's there. The Senate with all these vacant seats is hard pressed to do its work.

I could quote the answer that was given, but it is not relevant to the question at all. However, if honourable senators would like me to quote it, I shall do so. In my view it would serve no useful purpose and would not even help the Government Leader to defend the Prime Minister. I think the answers given by the Prime Minister in this instance are too easily subject to misinterpretation. If we take his answers as they are printed in the *Gazette*, there is an implication that by filling the vacancies and by helping the Senate to do its work the Government would be wasting the taxpayers' money. I think that is a question affecting the privilege of this house, and I would hope that the Leader of the Government might say something about it and might suggest to the Prime Minister that he should correct the statement or at least clarify it.

Hon. Paul Martin: I have not seen the statement, but I am sure there was no intention on the part of the Prime Minister in any way to reflect on the Senate.

NUCLEAR POWER DEVELOPMENT

HEAVY WATER PLANT IN NOVA SCOTIA—QUESTION

Hon. Ernest C. Manning: Honourable senators, I should like to direct a question to the Government Leader. In recent press reports it has been indicated that the federal Government proposes to allocate another $95 million to the heavy water plant in Nova Scotia. I should like to ask if that report is correct, and, if it is, what will the total amount of federal investment then be in that project?

Hon. Paul Martin: I shall also take that as notice.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT—QUESTION

Hon. Daniel A. Lang: Honourable senators, I should like to direct to the Leader of the Government a question in connection with his remarks as reported in *Hansard* of October 26. He referred to the Canada-U.S.S.R. General Exchanges Agreement, which was placed on our record as an appendix that day. In that agreement there is this paragraph:

> Both Governments will encourage and facilitate the fulfilment of existing working agreements, including the agreement between the Canadian Broadcasting Corporation and the State Committee of the Council of Ministers of the U.S.S.R. on Television and Radio Broadcasting which is deemed to be annexed to this Agreement.

Would the leader table a copy of that agreement with the CBC?

Hon. Paul Martin: I would be happy to look into this at once.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—DEBATE CONTINUED

The Senate resumed from Thursday, October 28, the adjourned debate on the inquiry of Hon. Mr. Martin, calling the attention of the Senate to the Canada-U.S.S.R. General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

Hon. David A. Croll: Honourable senators, when Prime Minister Trudeau announced that Premier Kosygin was coming to Canada there were indications from various parts of the country that there would be demonstrations. I remember at that time the Prime Minister said these statesmen from behind the Iron Curtain are pretty hard-nosed people and they are not overly influenced by demonstrations. Premier Kosygin is not only a hard-nosed politician, but a no-nonsense politician who is able to take over in a situation. We must remember that he rose in the toughest political machine in the world where the stakes are high. The loser becomes a non-person if he is lucky, and if he is unlucky he becomes an un-person. He is a most able man and he knows the score, whether by our or any other standards.

In 1966 I was a member of the Canadian Parliamentary Delegation to Russia. We had seen most of the top leaders, but we wanted to see some other leaders as well. It was

suggested that we might see Mr. Brezhnev. But, being rather obstinate, we said we wished to see Premier Kosygin. We were informed this was not possible; that he would not be available. But strange things happen, and in the next day or so we were informed that an appointment for our delegation had been arranged. We spent most of a morning with him. During that time we discussed many matters of interest to both our country and Russia. We were very much impressed by his knowledge, his facility, and his capacity in dealing with rather important matters.

He came to our country in search of goodwill, understanding and peace. He won our respect and our sympathy on the very first day of his tour when he was attacked. He did not panic. As a matter of fact, the Prime Minister did not panic either. Premier Kosygin knows how to handle himself. He has been in circumstances such as this before. However, throughout the country we at once felt sorry for him. He was our guest, and the egg was all over our face. The longer he stayed, the more he took on the image of a favourite uncle. He brought his daughter, who is a very presentable lady, with him and that gave his visit a warm touch. Our charming first lady and Premier Kosygin's daughter hit it off well, and became warm companions.

• (2020)

Security at that stage became so tight that I do not know what he could have seen in this country except police almost everywhere he turned, which he rather regretted. In my opinion Vancouver, better than any other part, expressed the mood of the country. He went to a hockey game, at which there was a full house. Hockey crowds are usually a cross-section of Canadians and normally there is hooting, Bronx cheers, and booing rather than cheering, the presence of a VIP making no difference. They gave him a standing ovation. It pleased all of us across Canada that he was so warmly welcomed.

When he was leaving Toronto the Government Leader was present with Mr. Macdonald, the Minister of National Defence. I am not sure whether they made speeches. In any event, if they did, I do not think anyone remembers what they said. Most people will remember that the first lady of this land walked up to Mr. Kosygin and pecked him on the cheek in saying goodbye. In that way she gave a cheerful goodbye from all of us.

Hon. Mr. Phillips: Would the honourable senator pardon me for interrupting him? I rise on a matter of protocol. I was of the opinion that the first lady of the land is the wife of His Excellency the Governor General, and if my memory serves me correctly she was in Iran at that time. That would require a rather long arm, would it not?

Hon. Mr. Croll: You may be right in the first part of your remark, but certainly not in the second. At any rate, I was referring to the Prime Minister's wife.

Honourable senators, allow me to deal for a moment with the protests and demonstrations. I believe that approximately 50,000 men, women and children protested peacefully during the visit. Now, that was not a small, silent minority. They had a right to make their views known—a fundamental right acquired and prized in our country. Who were they? Why were they there? What did they hope to achieve? In my view they were solid citizens. They were not radicals, not the lunatic fringe, although it is true there were some of those in the crowd. There were some nuts without bolts, and there were some present for the purpose of disrupting and destroying the proceedings. There were also some professionals. But we get that sort of thing at every protest meeting.

In the main they were Canadians of ethnic origins with long pent-up bitter and emotional feelings toward problems which affect them, their relatives and their friends. In many cases it was their first opportunity of bringing their grievances to the attention of the head of state.

Hon. Mr. Flynn: Our head of state?

Hon. Mr. Croll: No, the visiting head of state, Premier Kosygin.

Hon. Mr. Flynn: You do not mean that it was a revelation to him?

Hon. Mr. Croll: I said it was the first time they had the opportunity of bringing their grievances to his attention. Although they were directing their remarks to Premier Kosygin, there was a message for all of us, because their grievances and hurts are real.

I think they wanted Premier Kosygin to know that they could protest and demonstrate in their adopted country as they could never do in his country, and that it was a right they cherished. They were also saying that a gilded cage is still a cage. They were saying to the Canadian people, "Watch your step. Be on your guard. These agreements may be empty and hollow." They were hoping to get their message across to Mr. Kosygin, for those people know better than most that historically the Russians are interested in only themselves.

What was their protest? It was an expression of the freedom which they have and enjoy. They were saying, in effect, "Our friends, relatives and co-religionists want the freedom to emigrate, and to re-unite families. They want freedom of religion; cultural freedom."

Although the Ukrainian portion of the protest was directed to these fundamental freedoms, it was directed mainly to cultural freedom. On the other hand, the Jewish element directed its protest more towards the freedom to emigrate. Their plea is as ancient as time and as old as history: Let my people go. There is a place for them to go. They could go to Israel where they are welcome.

• (2030)

When one talks in this context, it provides an opportunity to say a word on behalf of the Government of Canada, which, through the then Secretary of State for External Affairs, the Right Honourable Lester B. Pearson, was instrumental in bringing about the recognition of the State of Israel.

I realize that there are some people in this country who have misgivings as to whether this type of protest and demonstration has any favourable effect upon the policy of the Soviet Union. Does it do any good? Does a great country adjust its policies from day to day? I feel those people who have such misgivings are mistaken. In my view, the protesters made their point in the context of Canadianism. They were noticed, and what they said will be heeded, although perhaps not immediately.

We are living in a time of confrontation. It is happening every day in the country to the south of us, where there

are many marchers, protesters, sign carriers, shouters, and so forth. There was a group of sign carriers outside the Parliament buildings this afternoon. I asked one of the youngsters why he was doing it, and he said that it was better than going to school.

We are now protesting the forthcoming nuclear test explosion on Amchitka. Who is doing the protesting? Last week the Parliament of Canada protested by way of resolution which was passed, I believe, almost unanimously. The Parliament is a forum for protesting, but the only forum these other people have is the street, and, consequently, they use it. That is the mood of the times.

A couple of years ago the university students were protesting. What were they protesting about? They were protesting about the curriculum; about the poor professors; and about the failure to have representation and participation in the administration of the university. If you look around you now you will find that the professors have updated their lectures; they are not giving the same ones they gave ten years ago, or at least they are changing the numbers on the pages. You will find the curriculum has become more relevant to today, and there are young people on the board of directors, and they are doing away with the canes and the hearing aids in the board rooms. What is more important, however, is that they have taken the universities of our land out of the control of the presidents of the large corporations, the large donors, and men who were status quo extremists. If you look at the result of their protests objectively, you must realize that it is a plus. I did not like the way they did it. I did not agree with them at the time as to the method they employed, but in the end they made their point, and they are now participating in the administration of the universities. They are having something to say about the universities, and I believe the universities are better for it.

Last week in Montreal there was as serious a confrontation as we have had in a long time, and we do not want another like it. There have been many in that province, but one did not have to go there for a confrontation. Last week in Ottawa there was a Conference on Law and Poverty. Mr. Justice Hall, one of our great jurists and one of the most liberal minded men in Canada, who honourable senators will remember was responsible for the Royal Commission on Health Services from which came Medicare, and for his report on education in Ontario schools, attended before the conference to try to help them. Goodness knows, he is busy enough as a judge and works hard enough. They were rude and insulting to him. Those of us who know him are humiliated that that can happen in Canada. Those who subjected him to that treatment knew nothing of his attainments, his achievements and his contribution to making life easier for the poor. The trouble is that persons are exposed unnecessarily to that sort of thing when such conferences are so hurriedly and badly organized by men who have a great deal of book learning but would not know how to replace a fuse.

I am certain that the problems which were raised by the people during the recent visit were discussed by the Prime Minister on humanitarian grounds. They were friendly enough and able to discuss these matters. There was some indication that that had been done.

We parliamentarians played our part. We senators and the members of the other place made our protest too. What role did we play? For the very first time the head of a foreign government appeared before a joint parliamentary committee and subjected himself to questions that were not censored.

Hon. Mr. Fournier (De Lanaudière): I am sorry to interrupt the honourable senator. I have been trying to follow his remarks as best I could, but I would like to know what he is talking about.

Hon. Mr. Choquette: Kosygin.

Hon. Mr. Fournier (De Lanaudière): If the honourable senator is talking about the visit of Monsieur Kosygin, I think he should tell the Senate what questions were put, what the answers were, and then make his comments.

Hon. Mr. Croll: I was saying that for the first time the head of a foreign government appeared before a joint parliamentary committee and subjected himself to questions that were not censored. The members of the Standing Senate Committee on Foreign Affairs and the Standing Committee on External Affairs of the other place were asked by the joint chairmen to submit questions. Some 17 questions were sent in, but there was not time to deal with all of them. The questions were asked through the joint chairmen, Mr. Ian Wahn, the member for St. Paul's, and Senator John Aird. It was a most successful meeting.

• (2040)

Hon. Mr. O'Leary: May I ask a question? Were not these questions, in fact, screened?

Hon. Mr. Croll: No, they were not screened. What do you mean by "screened"?

Hon. Mr. O'Leary: I mean that they were submitted to the chairmen, and some of the questions which it was deemed inadvisable to ask Mr. Kosygin were struck out, and not put. They were screened just as in political conventions resolutions are screened.

Hon. Mr. Croll: No, that is not so. I understand the chairmen permitted a question from each political party in turn, commencing with members of the House of Commons. A question was given to Senator Grosart, then to me, and then to Senator Yuzyk. They then started again with a question for each political party. Someone made the suggestion that you are making now, and I understood that Mr. Brewin, who was a member of the small committee, said that they had not been screened at all, that they had been taken in turn. The questions were so diverse that that must have been the case.

Hon. Mr. Fournier (De Lanaudière): This is all very nice, but I would ask: What was the question of the honourable gentleman and what was the answer? When his question was answered, what were his remarks?

Hon. Mr. Croll: If you are patient I will come to that. Senator Grosart asked a question dealing with the European Security Conference, and he received his answer. Senator Yuzyk's question was:

> The Ukrainian people in Canada, 80 per cent of whom are Canadian born, enjoy full freedom in this country. They are active in every aspect of Canadian

life, including politics, having elected in the last 50 years over 100 federal and provincial parliamentarians, many of whom have been and still are cabinet ministers.

The Ukrainian Canadians are very much interested in the developments in Ukraine, which many of them visit every year. Recently, news from Ukraine indicate that some Ukrainian intellectuals, such as Valentyn Moroz, have been sentenced in closed trials to many years in prison, for writing essays. At the Congress of Ukrainians in Winnipeg last week, Prime Minister Trudeau was approached by Ukrainian students, who were on a hunger strike, and leaders of Ukrainian organizations, to plead with you, the Premier of the U.S.S.R., to have the cases of imprisoned intellectuals reconsidered and also to have them freed. Since this is in keeping with the Universal Declaration of Human Rights of the United Nations, and to improve Canadian relations with the Soviet Union, will Premier Kosygin undertake to have these cases reviewed and the prisoners released and freedom of expression safeguarded?

Senator Yuzyk received an answer. He will follow me in this debate, and he will give you the context of the answer that he received.

Hon. Mr. Choquette: Did he not like the answer at the time?

Hon. Mr. Croll: He will tell you that himself.

Hon. Mr. Choquette: Did you like the answers you received for your people?

Hon. Mr. Croll: Now—

Hon. Mr. Choquette: But did you, and were they true answers?

Hon. Mr. Croll: Let me make my speech.

Hon. Mr. Choquette: I am asking you.

Hon. Mr. Croll: You will get the answer in a little while.

Hon. Mr. Haig: Honourable senators, I understood that this meeting of Premier Kosygin the week before last with the External Affairs Committee of the House of Commons and the Standing Senate Committee on Foreign Affairs was *in camera.* There were no press reports, but questions were asked and answers given.

Hon. Mr. Choquette: And everybody shut up when they got their answers.

Hon. Mr. Haig: I do not think it is fair—

Hon. Mr. Croll: I do not think you should make any comment. You said you thought the meeting was *in camera.* I think that at that moment you had the right to an answer, without comment, as to what was or was not done.

I agree that it was an *in camera* meeting. Immediately that afternoon the reporters called me and asked for a statement, which I refused. I then called the chairman, Mr. Ian Wahn, and asked if the meeting was *in camera,* and he said no, because the same questions were asked at the press conference and I was no longer bound.

Hon. Mr. Haig: Why did the honourable senator not explain that at the beginning? He is talking about a press conference. If he had said that he had received these questions and answers at the press conference, that would have been fine. I think he should indicate how we, who were at that *in camera* meeting, should be allowed to stand on the floor of this house and explain whether we liked the answers or not. I think he should have explained that at the beginning, so that it would be on the record that his statements are a result of the press conference.

Hon. Mr. Croll: I did not say that at all. The statement, with the same question, was made at the press conference. But the question that I asked was my question, and I got an answer. I indicated to the chairman that I had been called by the press and that I had refused to give an interview. He said the question I had asked had been answered, and that I was no longer bound. I did not reply to the press, and this is the first time I am bringing it to public attention.

Hon. Mr. Haig: I still think, honourable senators, it is very unfair.

Hon. Mr. Croll: When the Prime Minister visited the Soviet Union, Dr. Stanley Haidasz, M.P., provided him with a list of persons who wanted to be re-united with their families in Canada. The Prime Minister submitted the list to the Soviet Government, with the hope that visas would be forthcoming immediately. It appears that the Soviet authorities got bogged down in red tape and permits were not coming forward as quickly as they should, although many of the applications had been dealt with. Dr. Haidasz was one of the people who raised that question in the committee. There was an admission of slackness, and a very direct undertaking by Prime Minister Kosygin that it would be remedied.

My honourable friend asked what was my question. I asked this question—

Hon. Mr. Fournier (De Lanaudière): Honourable senators, before Senator Croll tells us the question, I would like him to answer my question.

Hon. Mr. Croll: The question I asked was this:

I am a Canadian, born in Russia in the City of Mogilev. I ask whether there is hope in the foreseeable future of any further relaxation in the provisions governing the emigration of Soviet citizens to other countries.

My question is general, but I am primarily interested in all minority groups within the U.S.S.R. including citizens of Jewish derivation.

As one who retains an affection for Russia, I offer with the utmost good will the widely-held view that such a relaxation would be universally and warmly welcomed and would bring much good will.

I understand that is what this trip is all about.

Hon. Mr. Haig: And what question did he ask you?

Hon. Mr. Croll: He did not ask me any question.

Hon. Mr. Haig: He sure did. He asked you when you were last in Russia, and you replied it was four years ago. He then asked you why you were there, and you said you were there as a parliamentary delegate, to which he

replied, "I hope you come back." Why do you not give the whole story?

Hon. Mr. Croll: I started out by saying that this was the question that I asked. I indicated earlier in my speech that I had been to Russia. I said I was there in 1966. I did not think the fact that he asked me when I was in Russia last was important. That was not the context in which the question was asked.

• (2050)

Hon. Mr. Choquette: Did he ask you if you saw any Jewish persecution?

Hon. Mr. Croll: Yes.

Hon. Mr. Choquette: What did you say?

Hon. Mr. Croll: I did not say anything to him.

Hon. Mr. Choquette: Because there was not any.

Hon. Mr. Croll: I did not say that, no.

Hon. Mr. Choquette: You did not say anything because, I say to you, there was not any at that time.

Hon. Mr. Croll: We were there for the purpose of asking a question, and we were limited to that. He took my question and that was the extent to which I was prepared to go. He was our guest at that time.

Hon. Mr. Fournier (de Lanaudière): Honourable senators, I think I shall have to leave the chamber because I cannot depend upon the word of Senator Croll in this matter. I do not know if it is the feeling of all members of the house, but many of us miss Senator Phillips (Rigaud) around here.

Hon. Mr. Choquette: Go in peace.

Hon. Mr. Phillips (Prince): But I am still here.

Hon. Mr. Croll: Honourable senators, I drew my question rather carefully, and I felt that I had touched all the bases. I was given a firm reply which was publicized later that day when a similar question was asked by one of the reporters at the press conference. The point I was trying to make was that the Senate had lived up to its traditions as a spokesman for minorities.

Those of us who could take advantage of the opportunity asked the appropriate questions and received, in some cases, prepared answers. For example, the answer to my question was a prepared answer which they had taken some pains to prepare. Moreover, it was made public.

One thing I regretted about the atmosphere of the visit was that suddenly out of nowhere an anti-American feeling seemed to surface. It is true that there was some background to that. The United States had taken some bold, harsh steps to protect its economy. There was Vietnam, the balance of payments, economic blunders, and, generally, they had the same problems with inflation and unemployment as we had. The fact is that the culprits in the main were Japan and Germany but, although we were less culpable, we were treated rather callously. The fact that we were good friends, fine neighbours, and the best customers seemed not to mean very much. People in this country were angered and hurt by the action taken by the President of the United States. Despite that, many of us felt that it would be unwise to retaliate.

[Hon. Mr. Haig.]

Interestingly enough, the United States Congress last week lashed out in anger at that country's foreign aid policy—something we ought not to emulate in our own anger. They were particularly angry with the United Nations in view of the fact that some of the member countries had shown a rather jubilant hatred of the United States on the occasion of its defeat in the historic vote on the admission of the People's Republic of China.

As to our reaction to the American economic posture, our hurt was deep because they are our friends, and because we were somewhat let down when we realized that the President of the United States did not seem to know just who is the best customer of his country. We were surprised that he knew so little about Canada. Nonetheless, I believe the Americans are our friends despite the fact that what they have done is not friendly. I believe also that they will set this matter right at an early opportunity.

In our anxiety to correct the situation, the one thing we cannot afford to do is arouse more anti-Americanism. I say this because we are part of the western world, and our security lies in that context. The Americans will always be closest to us, and no one can replace them.

We are making approaches to the Russians for friendship and peace; for technological and cultural trade. We are also making approaches to the Chinese for friendship and peace, and for trade and cultural involvement. But that is no reason for kicking the shins of our next-door neighbour. As for me, better a peck from the American eagle than a hug from the Russian bear.

Some Hon. Senators: Hear, hear.

Hon. Mr. Croll: The Prime Minister was the perfect host in returning the warm hospitality extended to him by Premier Kosygin in Moscow. His guest received from him a hearty welcome. Canadian parliamentarians were equally polite and receptive. Moreover, the vast majority of Canadians welcomed the thaw in the so-called cold war that the Kosygin visit betokened. But we must also understand the strong views of a minority of our citizens who feel a personal sense of grievance against the Soviet Union, and we must neither deny nor decry their moral and legal right to dissent and peacefully protest as citizens of a free country. We do not ride roughshod over minority groups in Canada; on the contrary, we value their contributions.

The overriding consideration concerning Premier Kosygin's visit is that it constituted further evidence of improving relations between our two countries. It represented progress, having regard to the interim aim of easing tensions and the ultimate aim of world peace.

Like Senator Cameron, I must congratulate Senator Flynn on his excellent speech. In reference to the General Exchanges Agreement, I agree with his remark that it affords us:

> —the opportunity to perforate the iron curtain, to alleviate fears, to nullify mistrust, to educate and to be educated. Human contact and communication is the best antidote possible to the poison of suspicious chauvinism.

• (2100)

Both the Agreement and the Communiqué printed in the *Debates of the Senate* of October 26 are practical documents which, hopefully, will bring about closer relations and better understanding between Canada and the U.S.S.R. It is also very encouraging to note that the trip which Prime Minister Trudeau took for the purposes of improving relations with the U.S.S.R. is to be followed by a trip by President Nixon to China and to Russia. It is to be hoped that these also will result in better relations among the three great powers, and a greater hope of genuine world peace.

Honourable senators, this debate, at least until my intervention, has been an excellent one.

Hon. Paul Yuzyk: Honourable senators, invited by the Government, Chairman Kosygin came to Canada, saw some of our country, our leaders and our people, signed an important agreement and has gone. In some ways, this visit reminds us of Caesar's famous three words when he invaded Britain—*veni, vidi, vici.* I hope that the third word, *vici,* will never be fulfilled. Kosygin has left a strong imprint on the minds of Canadians.

In this chamber on October 26, the Leader of the Government, Senator Paul Martin, explained the stand of the Canadian Government vis-à-vis the Canadian-U.S.S.R. General Exchanges Agreement of October 20, 1971, and the joint Canadian-Soviet Communiqué of October 26, 1971. As could be expected, Senator Martin was happy with the visit of Chairman Alexei Kosygin.

There is no doubt that the present Canadian Government has embarked on a new course in our foreign policy—closer relations with the communist powers—the Soviet Union and the People's Republic of China as well as their satellites and the former satellite, Yugoslavia. Many Canadians are left wondering where this new course is going to lead our country.

Certainly the moves made by Prime Minister Trudeau are bold. Is Canada now a real factor in international relations or is she merely a pawn in the game of international chess? Much as I would like to see Canada an important factor in international affairs, I think we should remember that although we are a large and wealthy country, we are a relatively small nation with many weaknesses and drawbacks.

Prime Minister Trudeau has stated that we have had to learn to live with the United States elephant. Judging the recent moves, does he think that the Canadian beaver will be better off living with the Soviet bear and the Chinese dragon?

My stand with regard to Canadian-Soviet relations is well known in the Senate. Recently I presented my views as reported in the *Debates of the Senate* on June 3 and June 28. I gave examples of how the Soviet government employed deceit, intrigue and subversion in foreign policy, while ostensibly paying lip-service to the principles of freedom, sovereignty, self-determination and equality of peoples. Most of the treaties made by the Soviet régime have been broken at the expense of the other contracting nations and states. In such a manner and by the use of brute force, Soviet Russia has emerged as the largest colonial empire in the world under a totalitarian system of government propped up by an extensive and efficient ruthless police machine. Kosygin's visit, which required the most intensive and extensive extraordinary security measures, with the co-operation of the Soviet police—the KGB—gave Canadians a taste for a while of the police state, which is the last thing that we want in Canada.

In our own interests, it is only right to remember the boastful proclamation of Kosygin on the occasion of the fiftieth anniversary of the communist Soviet revolution as reported in *Pravda,* June 20, 1967:

> In the fifty years of her existence the Soviet Union has respected all other nations great as well as small. Every nation is entitled to establish an independent national state of its own. This is one of the basic principles of Soviet policy. Supporting the right of self-determination of nations, the Soviet Union condemns and resolutely opposes the attempts of any power to conduct an aggressive policy and to work for the annexation of foreign countries . . . No country in the world could claim to have solved the nationality problem as successfully as the Soviet Union . . . No nationality in our country is discriminated against.

This declaration in no way deterred Kosygin's government from sending the Red Army together with the forces of its satellite states, which in August 1968 invaded its socialist satellite, Czechoslovakia, where "liberalization" was considered to have gone too far. It was the same case with the uprisings in Hungary in 1956. The Brezhnev doctrine, as applied in Czechoslovakia, was condemned by the Canadian Government at the time.

Consequently, it is extremely important to have the principles of Canadian foreign policy proclaimed very firmly. These can be only such principles as are basic to our way of life and which reflect the course of our history and the spirit of our people. The defence of freedom, democracy, justice, prosperity and honourable peace have been and must always be the cornerstone of Canadian foreign policy. To these principles we must always be dedicated and always be ready to co-operate with those countries which also uphold them.

A considerable proportion of the Canadian population is composed of ethnic groups whose background and heritage stems from countries which have been conquered by Soviet forces and today are behind the Iron Curtain. These people have seen the freedom and democracy of their motherlands destroyed. The Ukrainians, Poles, Byelorussians, Czechs, Slovaks, Russians, Lithuanians, Latvians, Estonians, Hungarians, some Germans, Bulgarians, Roumanians as well as Serbs, Croatians, Slovenes, Macedonians and Jews have settled in Canada to enjoy the freedom, democracy and opportunities which they had been deprived of before they came here. They have helped to build every aspect of Canadian life as loyal citizens. Above all, these ethnic groups cherish the freedom and way of life of Canada, which they would not like to see undermined or even threatened.

During Kosygin's visit in Ottawa, Montreal, Vancouver, Edmonton and Toronto some of the organizations of these ethnic groups took the opportunity to demonstrate peacefully and with permits, for the national, cultural, religious and personal freedoms of their countrymen under the Soviet Russian domination. There were no extreme inci-

dents caused by the organized members. Those that hit the headlines were carried out by individuals, for which the ethnic groups were not responsible. As has been explained by Senator Croll, the demonstrations were one democratic way of conveying their messages to the Soviet Government, the Canadian Government and to the world. Many of the ethnic groups used another method. They approached the Canadian Government, particularly Prime Minister Trudeau, to plead their cases with Chairman Kosygin.

• (2110)

After his return from the U.S.S.R., Prime Minister Trudeau invited the Ukrainians to Ottawa to present their requests. On June 7, the President and other leaders of the Ukrainian Canadian Committee, composed of over 30 organizations, which represents the vast majority of the 600,000 Ukrainian Canadians, presented a memorandum, most of which I put on the record in the Senate in my speech of June 28. The Prime Minister appeared to have apologized for comparing the Ukrainian intellectuals in the Ukraine, who were demanding constitutionally-guaranteed rights, with the revolutionary FLQ, but shrugged off the brief.

The announcement of the visit of Chairman Kosygin to Canada caused the Ukrainian Canadian Committee to write a letter, dated October 5, 1971, to Prime Minister Trudeau. I shall quote the important sections:

> The most urgent issue, as we feel, is to ask the Soviet Government to initiate the revision of long and hard prison terms imposed on Ukrainian priests for exercising their religious duties and those imposed on Ukrainian writers and intellectuals for expressing their free opinions.
>
> Among the most flagrant cases of recent years is the case of Valentyn Moroz, a Ukrainian historian and writer, who in 1966 was sentenced to five years of hard labour and in 1970, almost immediately after his release, has been again condemned to nine years of prison for his report on conditions in Beria labour camp which he dared to submit to Soviet authorities.
>
> Another case is the imprisonment of the Ukrainian Catholic Archbishop-designate, Msgr. Vasyl Velychkiwsky, for having discharged his ecclesiastical duties at his home, converted into a private chapel.
>
> In our report addressed to you on March 8, 1971, we mentioned 16 other names of Ukrainian intellectuals who have been reported by the international press as having been imprisoned without legal foundation.

The second important issue was the reunion of families with a request for the revision of Soviet emigration regulations.

The third question was a balanced exchange of Soviet Ukrainian publications and Ukrainian Canadian publications. It was stated that: "Canadian Ukrainian publications are forbidden in Soviet Ukraine to such a degree that Canadian tourists are subject to arrest or deportation for having with them Ukrainian literary works, published in Canada." In exchange for the Soviet consulate operating in Montreal, the Ukrainian Canadian Committee urges the establishment of a general consulate in Kiev "to help Canadian citizens with necessary legal, financial and moral protection in case of emergency". The letter also raised the question of the "free development of the Ukrainian language and culture on Ukraine's own territory" where it is discriminated against in favour of Russian.

The letter closes with a special appeal:

> The questions that we raise are based on principles of the Universal Declaration of Human Rights, of which the Soviet Union is one of the signatories, as well as on the principle of the reciprocity of privileges between Canada and the Soviet Union. Should Mr. Kosygin not be ready or willing to consider these questions, our permanent delegate to the United Nations should be directed to raise these matters before the forum of the present United Nations General Assembly.
>
> This move may seem, at first view, as being diplomatically undesirable. Yet, it would serve to put the message across in placing before world public opinion the reaction of Canadian people against violations of human rights under the Soviet regime.

All these matters were subsequently raised at the Tenth Ukrainian Canadian Congress, with delegates from all the important Ukrainian centres in Canada, which was held in Winnipeg, October 8 to 11. Prime Minister Trudeau spoke at the banquet where he explained his new policy of multiculturalism to a receptive audience. A group of students staged a four-day hunger strike prior to his arrival to protest the unfair treatment of Ukrainian intellectuals in Ukraine and, with the support of the 700 delegates of the Congress, held a meeting with the Prime Minister. Mr. Trudeau agreed to intercede with Soviet Premier Kosygin on behalf of Valentyn Moroz and other imprisoned Ukrainian writers. This was reported in the daily newspapers.

I considered the issue of cultural, religious and personal freedoms to be of such importance that I would raise these questions with Kosygin should I find an opportunity. Fortunately, it was announced that Premier Kosygin would appear at a joint meeting of the External Affairs Committee of the House of Commons and the Senate Standing Committee on Foreign Affairs on October 20, which was held in camera.

Hon. Mr. Martin: May I ask Senator Yuzyk if it is his intention to put Prime Minister Trudeau's reply on the record?

Hon. Mr. Yuzyk: I do not have the reply, but I would like to see it go into the record. The members were restricted to only one question, with no right of discussion or rebuttal. My question dealt with Valentyn Moroz and the imprisoned Ukrainian intellectuals. Since Kosygin subsequently answered most of these questions at a press conference, I am giving his reply.

• (2120)

As expected, it was that he had never heard of Moroz and the imprisoned writers. He admitted that there was some dissatisfaction with the government in Ukraine, but he was also aware that there was some dissatisfaction with the Government in Canada. He boasted that the Soviet Union has successfully solved her nationality problem. Stating that the U.S.S.R.-Canada Agreement provided for parliamentary exchanges, Kosygin invited me in

the first Canadian delegation to familiarize myself with the true state of affairs in his country. Asking me whether I agreed to come, I stated that I agreed, provided I would be assured of free movement.

At this meeting, Dr. Stanley Haidasz of Toronto raised the question of the reunion of families, receiving a favourable reply. Senator David Croll pleaded for the right of the Jews to emigrate from the U.S.S.R. He received a negative reply.

We are too near the event of Kosygin's visit to assess it properly in relation to the effects on Canada and the Soviet Union. If managed wisely, the Canada-U.S.S.R. General Exchanges Agreement should benefit both sides. The mixed commission will be in a position to promote and facilitate exchanges on a fair basis and other forms of co-operation in scientific, technical, educational, cultural and other fields in accordance with the laws in force in each of the two countries. The Canadian Government should see that experts who know Canadian needs as well as the Soviet reality should be appointed to the mixed commission, which should screen out Soviet communist propaganda and maintain a reasonable balance in the exchanges.

Hon. Mr. Fournier (De Lanaudière): I hope the honourable senator will permit me to interrupt. He knows I am a good friend of his. With respect to his statement that the honourable Senator Croll received a negative response with regard to the emigration of Jews from the U.S.S.R. to any other country, I would like to repeat the question I put to Senator Croll. Would you kindly give Mr. Kosygin's exact answer with respect to that problem?

Hon. Mr. Yuzyk: Well, Senator Fournier, I am not in a position to repeat the exact answer given by Mr. Kosygin. I could tell you that his answer was prepared and he read it off. Subsequently at the press conference he repeated the statement, so I think that it can be read in the press.

Hon. Mr. Fournier (De Lanaudière): If the honourable gentleman would permit me, the mere fact that someone reads the answer is not evidence that he is lying. He might be telling the truth in exactly the way it should be told. I ask the honourable gentleman that before accusing Mr. Kosygin of giving a negative answer he should produce the answer as it was given. If it was written, that is more reason for the honourable gentleman to produce it before this house.

Hon. Mr. Yuzyk: Well, since I do not have his written answer—

Hon. Mr. Fournier (De Lanaudière): Tomorrow will do.

Hon. Mr. Yuzyk: I think it can be secured. With regard to the matter of the truth as Mr. Kosygin sees it, I do not agree with his version of it. He certainly omitted many things in that answer, which we can deal with a little later, with respect to the real situation in the Soviet Union. However, I wish to deal with my own topic now.

Hon. Mr. Fournier (De Lanaudière): I will be patient.

Hon. Mr. Yuzyk: The memoranda and letters to Prime Minister Trudeau, who did intercede, and the demonstrations, evoked the promise of Kosygin to ease emigration restrictions for Soviet citizens who wished to joint their families in Canada. Chairman Kosygin is aware of the cases of the imprisoned Ukrainian intellectuals but there is no assurance that the U.S.S.R. will heed the universal declaration of Human Rights, which it signed. It is hoped that Prime Minister Trudeau will keep his pledge and continue to pursue this matter on humanitarian grounds and in keeping with human rights.

There are now guarantees of fairer cultural, educational, scientific, travel and other exchanges which should help to strengthen the ties between the citizens of the respective countries. It was unfortunate that the media made it appear that there was a conflict between the national goals and objectives of Canada and those of the demonstrators and the ethnic groups, when in reality there was none, except perhaps in tactics.

We should bear in mind that there were some beneficial effects of the exchanges between Tito's Yugoslavia and the western countries. As a result Yugoslavia, although still a dictatorship, today is an independent country with a greater degree of democracy and prosperity than the U.S.S.R. and the satellite socialist countries.

Now that the Canadian Government has adopted a similar approach in its relations with the Soviet Union, we must be realistic and hope that the expansion of trade between the two states, the broad exchanges in various fields and increasing tourism will bring about an interdependence, which could lead to liberalization in the Soviet Union and perhaps begin the gradual development of democracy in that country. Perhaps in this way Canada may make a contribution towards the easing of tensions and the prevention of a third world war, which could destroy all mankind. But it is certain that, in the first place, it will require the continuing co-operation and concerted effort of the democratic states of the world who share our ideals.

Contra spem, spero. The price of freedom and democracy is eternal vigilance. In the pursuance of our foreign policy, Canada must never sacrifice the principles of freedom, democracy, honourable peace, justice, progress and prosperity. Otherwise, we stand to lose our precious heritage, which accounts for the dynamic spirit of our Canadian nation.

On motion of Hon. Mr. Grosart, debate adjourned.

• (2130)

NATIONAL HEALTH

THERAPEUTIC ABORTIONS IN CANADA—DEBATE CONCLUDED

The Senate resumed from Tuesday, October 12, the adjourned debate on the inquiry of Hon. Mr. Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

Hon. Josie D. Quart: Honourable senators, unlike my honourable colleague, Dr. Sullivan, who is both nationally and internationally respected for his professional knowledge and extensive medical research, I do not claim to be an authority on medical matters. I regret that I was not in the house when Senator Sullivan made such a wonderful contribution to the debate. His speech should help convert the unconverted. However, since the abortion issue has been discussed pro and con, I have read countless articles

written by experts on medical research, and have received many letters.

At this point, may I say that I respect the viewpoints of persons such as Senator Prowse, who assess differently the moral, religious and medical reasons for lending their support for abortion on demand.

In participating in the debate, I am following the dictates of my conscience and adhering to the principle that I have followed all my life, namely, that of standing up to be counted for what I believe to be right.

Some people would have us believe that abortion is merely a religious issue; others that abortion is essentially a medical problem and one which should therefore be left to doctors. However, Canadians are becoming increasingly aware that the most important reason for opposing abortion is that it destroys innocent human life.

That fact is recognized by many atheists and agnostics, as well as by Jews and Christians, by Protestants as well as Catholics. Yet the promoters of abortion have tried to brush this fact aside as being just a religious issue. In doing so they are using religion as an excuse for avoiding the real issues, for human life is not a religious belief but plain reality.

Not so long ago the theory that abortion was a medical problem was sold to the Canadian Government, and it is the basis of our present abortion law. Our Criminal Code, as amended in 1969, permits abortion for undefined "health" reasons, at the discretion of hospital medical committees. Such committees are free to interpret the word "health" as narrowly or as broadly as they wish, even sufficiently broad to justify abortion on demand.

One doctor who appeared before the parliamentary committee said that health could be stretched to mean happiness and comfort. In effect our present law tells the medical profession, "Doctors, the problem is yours, and we agree that you may do what you like about it."

The parliamentary committee was told of two New York City hospitals within a few blocks of each other, both of which had abortion committees. In one hospital there was one therapeutic abortion per 16,000 normal deliveries. In the other, the rate was 800 times higher, being one abortion for every 20 normal deliveries. Surely no one believes that the different decisions of those two hospital committees were based entirely on objective medical considerations.

When abortion committees work with vague mental health concepts, the scope for moral bias is obvious. Even when hospital committees are faced with clear-cut medical problems, their decisions are still moral ones. In authorizing abortion, they imply that the benefit to the mother is worth the loss of her child, that assuring her a certain degree of health, convenience or comfort is worth the sacrifice of a child's life.

To suppose that abortion is essentially a medical problem is a basic and serious error. No group of doctors, however upright and responsible, should have authority to judge the value of any human life. Therefore, the health provision in our abortion law should be repealed.

Social changes in any nation can bring about progression or regression. For a nation to progress, its laws should be so structured that they preserve justice, truth,

and the rights of all human life. Social changes such as abortion on demand will not give to a human being the right to life.

Abortion is no ordinary medical procedure, no matter how we try to excuse it. Abortion is the destruction of unborn human life. That is admitted not only by doctors who oppose abortion but also by those who sanction and perform it.

Of 26 doctors who appeared before the House of Commons committee studying abortion, only one tried to deny that abortion destroys human life. Such arguments were rejected by other medical witnesses. Those doctors, many of them highly qualified specialists, agreed that abortion killed a living human being.

I am sure that many of you have received a circular letter from the Nurses for Life Association, which was formed on March 18, 1971. Knowing the high esteem in which registered nurses are held by honourable senators, I propose using their arguments rather than my own to help plead the cause of the unborn child. I quote from the association's letter as follows:

> Seeing that the offspring of human beings must be human, we, as nurses, must be free to give an equal measure of tender loving care to all humans, regardless of age, in or out of the uterus, race, colour or creed.
>
> Good ante and post-natal care should be stressed to ensure safe delivery of baby and safeguard the mother's health.
>
> To regard the fetus as "philosophical" or "potential life" is a lie, as we all know. It is a living, growing, little human.
>
> Development of an individual begins at conception. At this time the human pattern of this development is fixed by the genetic make-up of the fertilized ovum. It is at conception that we receive our humanity. This is a scientific fact.
>
> The child is a separate, formed body growing inside the womb—a separate, living organism with functioning organs and tissues of its own.
>
> Birth changes only the baby's environment and the special way it depends on its mother, but it cannot change the baby's essential nature.
>
> Dr. Robert E. Hall of New York's Columbia University is a leading crusader for easy abortion. He wrote in the *Saturday Review;* "Abortion is a medical issue only because it is the doctor who wields the necessary instrument. He is no better able to judge who qualifies for an abortion than the patient's minister, the patient's lawyer or the patient herself."

• (2140)

> Abortion aimed directly at the fetus is murder. We are being reduced to the status of "professional killers". Man is the highest form of animal life, but his young are the most helpless. Could we deny these helpless children who cannot speak for their own little bodies their chance to live and grow? We who talk of the unmerciful slaughter of seals, the wickedness of killing civilians in Vietnam, how can we condone abortion? How can we measure human life in terms of money or convenience? It might change a few minds

if they could see a twenty-week-old, unarmed, innocent baby struggling to survive.

If we fail to give an equal measure of concern for all human life from beginning to end, we are not nursing.

Abortion is murder! This measure defeats its own purpose. It does not guarantee the return of women to society, whole mentally or physically. Abortion is not a sure care measure. Many will get away scot-free—many suffer and even die!

Abortion will not help our sex surmount difficulty. Men suffer little or none of the effects of abortion; and, seeing that the majority of doctors are men, their pockets grow fatter every day. Until women smarten up, men must continue to decide our fate.

The alternative to this gruesome and uncivilized act is to obtain from the government appropriate teaching re birth and venereal disease control. Since 1968 there was ample time to implement these sensible measures which are by far more humane, will put less pressure on the taxpayer's pocket, and cause less frustration, embarrassment and dissatisfaction for some patients and concerned doctors and nurses.

It is often argued that society will not accept illegitimate children. Nowadays we find many one-parent families. The action of parents, married or single, cannot be guaranteed. Therefore, the government should continue to provide home care for children of irresponsible, ill or deceased parents. Proper counselling and supervision should be given the people providing this care to ensure good care and psychological support for them and the children receiving the care. Why? Why? Why has Parliament or the Medical Association not educated the public via T.V. media re human development? Many people do not understand it.

Do you sanction killing a human being because of a temporary, emotional upset? All obstetricians and gynaecologists know of many cases where the mother, be she single or married, has spoken of abortion early in pregnancy, and later on has confessed her gratitude to the physician who has not performed the abortion. On the other hand, we have all seen women who have been troubled, consumed with guilt, and developed significant psychiatric problems following, and because of, abortion. I quote Dr. John L. Grady, Medical Examiner for Florida State Attorney's Office: "I believe it can be stated with certainty that abortion causes more deep-seated guilt, depression and mental illness than it ever cures".

We hear a lot about the risk of suicide among those who threaten such action if their request for abortion is refused. How real is that risk? It isn't. In fact, the suicide rate among pregnant women, be they happy or unhappy about the pregnancy, is one-quarter the rate among non-pregnant women in child-bearing years. An accurate 10-year study was done in England on unwed mothers who requested abortions and were refused. It was found that the suicide rate of this group was less than that of the average population. In contrast, among the first eight deaths of women aborted under the liberal law in the United Kingdom, two were from suicides directly following the abortion. Dr. Milton Halpern, Chief Medical Officer of New York City, states that he can "hardly recall an autopsy on a death by suicide during the last twenty-five years which revealed pregnancy". Abortion to try to prevent the mother committing suicide is a myth. Not only does it kill an innocent human being, it may actually harm the mother, and cause the very loss of life it was out to prevent.

Are there any medical indications for abortion? As an obstetrician and gynaecologist, I know that, if there are any in the second half of the 20th Century, there must indeed be very few. As was stated by Dr. Hefferman at the Congress of the American College of Surgeons: "Anyone who performs a therapeutic abortion is either ignorant of modern methods of treating the complications of pregnancy or is unwilling to take the time to use them."

Abortion is a grave moral issue, and every registered nurse should have the opportunity to vote upon this matter whether she is a member of the R.N.A.O. or not. Miss McLean, Senior Consultant, National Health & Welfare, said that nurses must speak out! We are speaking out!

Canada housed American draft dodgers on moral or religious grounds by the thousands—those who did not want to take part in the Vietnam war. What protection will Canada give its nurses who do not want to war on the helpless unborn—the future of Canada?

We, the 'Nurses for Life', will not be conditioned by society to kill, and we demand the right to legislation, as individuals and taxpayers in a supposedly democratic society, to abstain from this deleterious and mischievous task.

We demand legislation to prevent participation in abortion being mentioned as a condition of employment, or a condition by which a nurse is asked to leave her place of employment.

Measures must be taken now to prevent 'abortion on demand,' which will be certainly used as a means of birth control, and the next downward step in humanity, euthanasia.

Honourable senators, the Nurses for Life Association is now affiliated with the Nurses Chapter of the Alliance for Life Association and the Right to Life Committee, and there are several other committees across Canada whose purpose it is to protect the unborn child.

The letter from the Nurses for Life Association goes on to read:

> The Alliance for Life is a national federation of groups and individuals who believe that all human life—before and after birth—has a right to care and protection. It insists on our special obligation to the weak and helpless, including the unborn. An educational body, one of its main concerns is to promote respect for unborn human life.
>
> Within the Alliance for Life are men and women with many different occupations, diverse religious backgrounds and political views. Among them are doctors, nurses, lawyers, housewives, social workers, teachers, students, clergymen, office and factory workers. They include Protestants, Catholics, Jews,

and members who profess no religious faith; but all subscribe to the following principles:

(1) The right to life is the basic human right, on which all other rights depend.

(2) All human beings have an equal right to life, before and after birth.

• (2150)

(3) Society has a duty to uphold and protect that right.

The Alliance for Life was founded in 1968 by a group of concerned men and women who recognized the push for easier abortion as a threat to human life. Since its founding meeting in Ottawa, the Alliance for Life has spread from coast to coast. Besides its work of education and research, it provides a national voice for those opposed to abortion.

Then, from a legal point of view, I quote a paragraph from the Toronto Life Committee brief which was presented in Toronto to the Joint Committee of the Senate and the House of Commons on the Constitution of Canada:

From a legal point of view, the unborn child in Canada is clearly recognized as a human person. Canadian law on this point closely follows English law which, since the 18th century, has steadily given more and more protection and recognition to the fetus. In *Giddings v. Canadian Northern Railway* (1920) the Saskatchewan Court of Appeal held that even though a child was unborn at the time of his father's death, he was nonetheless entitled to receive compensation for the loss of his father. In *Montreal Tramways v. Léveillé* (1933) the Supreme Court of Canada held that a child deformed through injuries caused to him—while still in the womb was entitled to bring an action in the courts for wrongful injuries.

Furthermore, in *Re Charlton* (1919), the Manitoba Court of King's Bench held that an unborn child was entitled to participate in a gift left "to all living children".

Since under our law an unborn child is clearly recognized as a person and his property rights are so carefully protected, then it would be highly incongruous that that child's life could be extinguished at the discretion of his mother. Such an anomaly would be less likely to occur if the child's right to life were protected by the constitution.

The law's evolution toward recognizing the intrinsic dignity and value of the unborn has in recent years met with a counter-movement by some who would assert that the rights of the mother supersede that of the child.

There is no denying the great difficulty and strain that is imposed on a woman who is confronted by an unwanted pregnancy. The resulting anxiety and desperation can be traumatic. Those who advocate removing abortion from the Criminal Code argue that the question is one of private morality in which the State has no right to legislate. They argue that a woman has the right to control her own body, and that the decision as to whether she will bear the child that she has conceived is hers and hers alone. The flaw in this argument is that it ignores the scientific fact that human life begins at conception. Not one body but two are involved, and the real question is whether the woman has the right privately to decide to deny life to a separate and distinct human being. It is no more a matter of private morality than is infanticide or other forms of killing.

[Hon. Mrs. Quart.]

Honourable senators, as a member of the Catholic Women's League of Canada, I wish to associate myself with this group of over 100,000 women and to give my full support to the following resolution which was passed at the 51st Annual Convention in Regina last month:

Whereas we have expressed opposition to abortion and

Whereas because of this opposition, we have a responsibility to women with unwanted pregnancies; and

Whereas because of this same opposition, we have a responsibility to those children who are born unwanted by their natural parents.

Therefore be it resolved that we offer moral and material support to those women with unwanted pregnancies . . . both individually and through such organizations as "Birthright", "Voice of the Unborn", "Alliance for Life", etc. and

Be it further resolved that we continue to assist local agencies to ensure that unwanted children are placed in suitable homes.

Whereas the Canadian Bill of Rights specifies the right of the individual "to life, liberty and security of the person . . ." and

Whereas abortion is the taking of human life and so denies the basic right to life, and

Whereas Section 18 of the Omnibus Bill passed in 1969 amending Section 237 of the Criminal Code, does in fact legally allow the taking of the life of the unborn, if the life and health of the mother is in jeopardy.

Therefore be it resolved that we urge the Government of Canada to clarify the Bill of Rights by including the unborn as human beings, ensuring their protection and right to life from conception.

Honourable senators, before concluding I wish to read a few paragraphs from letters I have received from doctors, and one or two from nurses. One quotation is:

14,188 abortions were reported in Canada in the first six months of 1971 under its new liberalized laws.

Suppose the above item had read: "14,188 new-born infants killed immediately upon delivery by physicians because their mothers did not want them". Imagine the public outrage. Simply reduce the age of infants by a few weeks and their destruction becomes a laudable medical service in some quarters and generally tolerated publicly.

I read this paragraph from another doctor:

If the "fetus is a part of its mother's tissue or an extension of it" then after birth it would still be an extension of its mother's tissue and not another individual. Any first-year student in medicine histology is aware of this.

> We are aware that there is very little reverence for life today. This decline in the reverence for life has stimulated the demand for abortion. The suggestion that abortion should be granted on demand is another facet of the decline of the reverence for life.

Another quotation I would like to give is:

> It is society that has fallen apart. People have traded their religious beliefs and substituted drugs for penance, dissent for respect, permissiveness for sacrifice, abortion for self control and discipline.

I would like to read this letter from a nurse. It is dated June 23, 1971:

> According to the Oshawa *Times* last night a head nurse was demoted to general floor duty with a hundred dollars less per month. She refused to participate in abortions of course. This was reported to be the Henderson's General Hospital in Hamilton, Ontario. Unless we could get legislation, many poor nurses would continue to suffer, often in silence.

• (2200)

I could go on reading from these letters. There are two others:

> Why are nurses shook up over abortion? They, too, would be shook up if they were a part of this inhuman treatment. I doff my hat to the nurses who quit in protest.

That was from a registered nurse. The other reads:

> Why should the poor operating nurse have to be responsible for the disposal of the ruined fetus? If a mother can decide to take life away from her child, yet unborn, throwing the lifeless remains into a furnace should be a snap. Why not let her complete the job she started? Is she to be spared every consequence of her decision?

Honourable senators, I forgot to mention that about a year ago in British Columbia an organization was started called "Voice of the Unborn". It is a non-sectarian non-profit organization and it plans to inform as many Canadians as possible that every unborn child has a given right to life. It is also beginning a "dial for life" telephone service, which will act as a crisis clinic for those women who feel their pregnancies will impose dilemmas and burdens on them beyond their capacity to support.

Gynecologists, scientists and clergy of all faiths will be available for counselling through this service. Volunteers will attempt to persuade those women to carry their child to full term and to obtain professional counselling. They also go out for legal protection for nurses and doctors who refuse to assist at abortion operations on religious or moral grounds.

There is also a group which has a centre for distressed girls. I received a letter from an unwanted child. I have her name. She was very happy to tell me that she was an unwanted child. She was adopted when she was 12 weeks old. She was very happy with her adopted parents. She was well educated and now she is a woman gynecologist and doing everything she can to persuade young people, or older women—probably single ones—to have their baby.

There are many people today who want to adopt children. In New York and Montreal there are long waiting lists. Why deprive these children of the happiness of growing up in an atmosphere of being wanted? Good schemes will avoid murder of a human being.

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to take part in this debate, I will declare that this inquiry is considered debated.

DISTINGUISHED VISITOR IN SENATE GALLERY

HONOURABLE NORMAN A. MACKENZIE

Hon. Paul Martin: Honourable senators, may I observe at this point that a former senator, the Honourable Norman MacKenzie, has been a very interested observer. He is sitting in the gallery. I do not see any change in his appearance now from when he was last sitting on the floor with us.

Hon. Senators: Hear, hear.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 3, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Pringle has been substituted for that of Mr. Hogarth on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

NATIONAL HEALTH

THERAPEUTIC ABORTIONS IN CANADA—INQUIRY REINSTATED—ORDER STANDS

Hon. Paul Martin: Honourable senators, yesterday evening when Senator Quart had finished her speech on the motion standing in the name of Senator Sullivan, no other speaker arose to follow, and no one moved the adjournment of the debate. Unfortunately, two honourable senators who wished to speak were not in the chamber at the time; another senator was, but was unfamiliar with some aspects of the applicable procedure.

On this account, it seems only fair to those senators that we should agree to have the item reinstated on the Orders of the Day and, if it is so agreed, that it should stand in the name of honourable Senator Heath as follows:

> 12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(Honourable Senator Heath)

The Hon. the Speaker: Honourable senators, under Rule 46 no notice is required for the revival of an order, or of an item on the Order Paper.

Is it agreed, honourable senators, that this item be reinstated?

Hon. Senators: Agreed.

Order stands.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Leopold Langlois, with leave of the Senate and notwithstanding Rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and tomorrow, Thursday, November 4, 1971, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

CANADA GAZETTE

PUBLICATION OF REGULATIONS—QUESTION ANSWERED

Hon. Paul Martin: Honourable senators, yesterday Senator Grosart asked me a question regarding three sheets of paper, as he referred to them, which he believed had been received by all honourable members, being extra copies of the *Canada Gazette* Part II. He inquired why this practice was being pursued in this instance.

My reply is that the issuing of the *Canada Gazette*, Part II, extras is not a new practice. Extras are issued when it is considered necessary or advisable to acquaint the public of certain statutory orders or regulations before the next regular issue of the *Canada Gazette*, Part II, is printed.

• (1410)

The measure with regard to the importation of men's and boys' shirts affects the livelihood of a number of importing companies in Canada, and the extras were requested by the Department of Industry, Trade and Commerce to make certain that every Canadian businessman with an interest in the importation of shirts into Canada would be aware of this measure without delay.

NUCLEAR POWER DEVELOPMENT

HEAVY WATER PLANT IN NOVA SCOTIA—QUESTION ANSWERED

Hon. Paul Martin: Senator Manning yesterday asked me a question regarding the appropriation for the heavy water plant in Nova Scotia. He wanted to know if the report was correct and what would be the total amount of federal investment in the project. In reply, there is no direct federal investment in the project now. The estimated cost to date of $120 million, including interest, is all Nova Scotia money.

The $95 million referred to by Senator Manning is in the form of a loan to Atomic Energy of Canada Limited, which will acquire a leasehold interest in the Glace Bay plant and will assume full responsibility for its reconstruction and eventual operation. The necessary funds will be loaned by the federal Government to AECL, to be repaid with interest out of sales of heavy water once the plant is in operation. The lease of the plant to AECL will terminate upon completion of that repayment.

Senator Lang also asked me a question yesterday. I am sorry, but I am not yet in a position to reply.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges

Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(Honourable Senator Grosart).

Hon. Allister Grosart: I have reason to believe that the honourable Senator Lang, who is listed to speak on Order of the Day No. 3, has a particular reason for wishing to speak immediately. I would therefore ask leave of the Senate, notwithstanding Rule 21, that the order in my name stand until immediately after Senator Lang has spoken.

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

Order stands.

THE ECONOMY

ASPECTS OF ECONOMIC CLIMATE—DEBATE CONTINUED

The Senate resumed from Tuesday, October 19, the adjourned debate on the inquiry of Hon. Mr. Desruisseaux calling the attention of the Senate to some aspects of the economic climate.

Hon. Daniel A. Lang: May I express my appreciation to my colleague, Senator Grosart, for deferring at this time in order to meet my request. It is the kind of co-operation that I can always expect from him.

I should like, on behalf of all honourable senators, to thank Senator Desruisseaux for introducing this inquiry several weeks ago, calling the attention of the Senate to some aspects of the present economic climate. Certainly nothing is more topical at this moment than the widespread concern felt throughout the country about the economic situation in which we find ourselves, indeed, not only ourselves but also our neighbours to the south and practically all of the Western world.

In his address on October 19, Senator Desruisseaux exhibited his usual appreciation and grasp of his subject. He very ably summarized the background and events that led up to President Nixon's recent decisions, which have caused such widespread reverberations in this country and around the world. Senator Desruisseaux emphasized the importance to the Western world of the United States regaining its economic health as quickly as possible, and particularly how important that fact is to us, being so dependent upon our exports to that country. Senator Desruisseaux warned us of the dangers of a universal depression which hangs over the world today. He warned us particularly of the dangers inherent in the loss of confidence in the Government now being felt by more and more Canadians. Let me read from what the senator said on October 19:

> Our Government is losing the confidence of Canadians—and I believe I have listed some good reasons for that. Our Government, and the political parties, should immediately pull back from their continuous attempts to force the private sector to meet the political and social objectives of governments. The function of the private sector is to generate growth with its accompanying employment. Attempts to make it a vehicle for political ambitions will, in the end, destroy it.

Those are strong words, but with the sentiment of those words I concur. I assume, as I am sure Senator Desruisseaux does—and I hope we do not do so incorrectly—that it is not the intention of the Government to destroy the private sector but to encourage it and to make it flourish.

This afternoon I should like to deal briefly with what I consider to be certain of the specifics underlying the thesis expounded by Senator Desruisseaux. Last June, in our debate on the state of Canada-United States relations introduced in this place by Senator Manning, I dealt with some of the matters that are relevant to this subject. I particularly dealt with what I considered to be the negative and somewhat self-defeating way we tend to engross ourselves in a form of Canadian economic nationalism. Interestingly enough, what I was saying last June is summed up by that eminent author and journalist Bruce Hutchison in a column just this week in the Toronto *Globe and Mail*. In that column Mr. Hutchison says:

> Any Canadian who ventures to question the manners of his government is widely accused of being soft on Americanism, nowadays an offence almost as inexcusable as being soft on communism. Any man who sees faults in his own country will be suspect of selling it out. Any man who thinks that Canada must get along with the United States (for reasons far more important than economics) will be charged with un-Canadianism because he sees no hope in anti-Americanism.

• (1420)

Honourable senators, on August 15 last, with one stroke of the pen, President Nixon accomplished what some of our most devoted economic nationalists have been attempting to accomplish for quite a few years. He has made the tax climate for United States business at home so much more hospitable that today foreign branch plants and subsidiary companies of United States parents are beginning to shut down their operations across Canada and indeed elsewhere in the world and move home. President Nixon has accomplished this by bringing in the now famous surcharge, by introducing a system of investment tax credits and, if approved by Congress, through the DISC program.

There has been a rather significant and pregnant silence from certain quarters in Canada today, subsequent to this development.

Furthermore, and I think quite properly so, the Government is delaying the tabling of what is now referred to as the Gray Report on Foreign Ownership in Canada.

Honourable senators, permit me for a few moments to review briefly the recent developments. It would appear that our Government failed to foresee, or foresee adequately—as I believe did most other governments in the Western world—the United States moves of last August. It should have been apparent that steps like these were bound to be taken by the United States. It should have been apparent from the balance of payments figures of the United States, as they were developing over the last year, and from those figures alone.

However, these moves seemed to have come as a major and unexpected shock. To its credit, our Government reacted, reacted strongly—hopefully, not too late—and if this is the case we can assume that we are now at least at a position of dead centre and will be able to swing back in the correct direction, particularly if the programs now being brought forth are skillfully administered from Ottawa.

We now have the special employment plan of $80 million, the local incentive program of $100 million, the Canadian manpower job-training program of $20 million, and the supplementary manpower program of a further $15 million. We have the income tax reductions of 3 per cent for individuals and 7 per cent for corporations, retroactive to June of this year and carrying through next year. And we are now looking toward a budget containing a massive $1 billion deficit.

It should be pointed out that we have met with a most unfortunate confluence of events during these past six months. First, we had the Government's untimely preoccupation with inflation. The Government's effort in that regard, although not known to be doing so, was in fact pressing down on an already declining economy, with concomitant rising unemployment. That decline was not purely a Canadian phenomenon, of course; it was a worldwide phenomenon, a phenomenon even more self-evident in countries other than Canada. That decline, now being pushed by government anti-inflation measures, was then greatly accelerated—this time by the United States moves of last August.

Honourable senators, one further and most serious coincidence for Canada was the fact that while all those adverse forces were converging to bear at more or less the same time, and for other reasons not related to these forces, the business and industrial segments of our country were rapidly losing confidence in the Government. I do not need to remind honourable senators that that confidence per se is the keystone to our economic survival.

I think I should detail why I believe the private sector was and is labouring under this lack of confidence. There are probably many reasons, but I will mention but a few here which appear to me to be paramount.

First, there is a widespread and, I would even go so far as to say, almost unanimous view that the Government—and I will not confine this to our federal Government but apply it to many of the provincial governments—does not understand the private sector and, what is worse, does not really care about it.

Many private sector groups feel that those in influence and in power, whether in cabinet or in parliament, listen to them but do not hear, and that few if any persons either in the executive or in parliament today have ever had, as C. D. Howe once said, the responsibility of having "to meet a payroll".

Secondly, I believe the private sector is uncertain of and fearful over the widening administrative powers now being continually and increasingly vested in the bureaucracy of our public service. I am afraid that many in the private sector regard this bureaucracy as aloof, intransigent, doctrinaire and often hostile. They are leery of the bureaucratic impedimenta of such laws as our packaging and labelling legislation. The desirable objects of the proposed Competition Bill and the Canada Labour Code are diminished in the eyes of many businessmen today who primarily see the former as emasculation of business competitiveness at a time when it must compete as never before. Similarly, the private sector sees in the proposed Canada Labour Code an almost complete block to the rapid technological changes that must come about in our industry today if it is to remain competitive. It sees also that failure to meet these rapid technological challenges as they are thrust upon us can only result in loss of business and higher unemployment.

Honourable senators, I submit, thirdly, that the private sector today is also greatly concerned over the economic consequences which could flow from our shifting government foreign policy. Our traditional European trade patterns and Commonwealth preferential systems are obviously on the line right now with the strengthening of the European trading blocs and the entry of the United Kingdom into the European Common Market.

• (1430)

The Japanese and other Pacific rim countries do not at the moment offer us an adequate alternative to our traditional trade patterns. Talk of increased trade with the Soviet Union is ephemeral, and I think it is widely felt and/or recognized that the resources of that great country are competitive with rather than complementary to our own. And, in fact, we would have to accept in the final analysis unconvertible rubles in payment. It is generally considered that to warrant putting a major thrust into the development of trade with the Soviet Union we would have to be in very dire straits and bereft to a stringent degree of our normal markets.

In connection with our foreign policy, more particularly as it impinges on the United States, there is a strong feeling today that, to put it charitably, the Government has been careless and inconsistent in its relations with the United States and, as a result, it now finds itself in a poor posture for dealing with them, particularly today when that government is under severe pressures of its own.

As a footnote to this I would add that the timing of Premier Kosygin's visit, falling as it did in the present economic crisis, may be somewhat less than fortuitous. I think so, particularly in view of his audacity in teeing off at the United States as he did at the Rideau Club two weeks ago. I certainly have too much respect for Premier Kosygin's intelligence to think that he did not know what he was doing. He undoubtedly did know, and it was an overt attempt to drive a further wedge between Ottawa and Washington. Honourable senators, with friends like that, who needs enemies?

Fourthly, and finally, I wish to mention the tax reform bill and its effect to date on the confidence that the private sector has in the Government of Canada. Ten years of Carter, White Papers, and now this tax reform bill. I suggest, honourable senators, I would be hard put to think of any other sequence of events that would be more likely to undermine the confidence of any business community.

Just to illustrate, let me quote at random a few headlines which appeared in the Toronto newspapers last week: "Bill C-259 appals Petroleum Association"; "Market falls to lowest level in 15 months"; "Tax bill's internation-

al aspects called overkill"; "Manitoba Premier releases information projecting an even worse unemployment situation in the winter of 1972-73 than the one upcoming"; and "Multi-national companies to pull out of Canada because of Tax Reform bill".

Notwithstanding this, the Minister of Finance insists, despite the pleas of the Prime Minister of Quebec in the last few days, that this bill must go through before the end of the year. Honourable senators, I suggest that that may very well be the case and it may very well be the case notwithstanding the fact that the best tax lawyers and chartered accountants in Canada openly confess they cannot understand the meaning of many sections of the bill. It will also be passed, although the provincial authorities are unable to understand its effects on provincial economies and provincial tax revenues. I think that this bill will go through although the Minister of Finance has already submitted a hundred amendments in the other place and has now introduced 40 pages of further amendments and amendments amending the amendments.

I do not think that in the history of legislation in Canada we have ever been faced with such a situation, a technocratic and bureaucratic foofaraw over legislation that will affect every business, commercial and industrial activity and every citizen in this country.

I submit further that this Tax Reform bill basically fails in understanding of the complexities of the operations of our large domestic and international corporations in Canada today. It is based on simplistic concepts which, if they are not 10 or 20 years out of date are even more so.

Companies and trusts now located in Canada who can carry on as well elsewhere are now preparing to locate outside the country. This bill in its foreign affiliate provisions is the complete reverse of U.S. policy and its DISC program. Our businessmen are expected to compete abroad against their American counterparts who will enjoy, literally, full tax exemptions under their policy and that program; ours are to pay full tax on all foreign operations, whether earnings are repatriated to Canada or not.

I submit that, if ever, some parts of this bill may have been valid in Canada in 1959 and 1960. In the changing economic picture in which we find ourselves today I suggest to you that its basic premises and concepts are an anachronism. This is a time when we must travel light and fast and be flexible, whereas our businessmen are now to be encumbered, burdened and hobbled with this piece of incomprehensible legislation. Honourable senators, rather than be entirely negative, may I suggest what I would do. In our present circumstances I would first call a halt or a slowdown in our overly ambitious schemes, such as those under the proposed Competition and Labour acts. Secondly, I would slow down and delay implementation of the business taxation sections of the tax reform bill until the end of next year. Thirdly, I would reject outright the international approach contained in the legislation, for reasons that I have mentioned. Fourthly, I would try to develop a positive incentive for Canadian owner-operators through re-investment roll-over rules as part of a new capital gains tax system.

• (1440)

In conclusion, may I say something that I consider to be very important. The strength of Confederation depends in very large measure on the strength of the Canadian economy. I do not need to labour that point, for honourable senators are familiar with the situation, particularly as it exists in Quebec. As our Confederation is dependent upon the strength of our economy, so, in turn, the strength of our economy is in the largest measure dependent on the confidence which the private sector has in the federal Government.

I hope we may now see—and I say this very sincerely—a rapid return to that condition of mutual respect and confidence between business, industry and government—that condition which is so basic to our unity and continued progress at this point in our history.

On motion of Hon. Mr. Langlois, debate adjourned.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the inquiry of Hon. Mr. Martin, calling the attention of the Senate to the Canada-U.S.S.R. General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

Hon. Allister Grosart: Honourable senators, to date we have had a very interesting and instructive debate on the inquiry of the Leader of the Government calling the attention of the Senate to the General Exchanges Agreement between Canada and the U.S.S.R., and the Communiqué issued on October 26, documents that appeared in our proceedings on that date.

The debate has made it clear, as it has been clear to many outside this chamber, that the events leading up to the issuing of the Communiqué—namely, the visit to Canada of the Chairman of the Council of Ministers of the U.S.S.R.—have been received by Canadians with mixed feelings. This applies not only to Canadians who have personal connections in other countries or with other peoples in Europe but, as indicated in the debate, it has been received with mixed feelings by honourable senators, by members of Parliament, and by many other Canadians.

It is my observation that the mixed reaction is observable not merely between different groups, but also in the response which we make individually to important and complex questions such as those which arose from the visit of Premier Kosygin.

I am one of those who finds himself with these mixed feelings. I will not deny for one moment that visits such as this, and also the one today, of executive heads of state, meeting from time to time in each other's country, has a potential of great benefit for the countries concerned and for the world at large. I agree that it is most important that executive heads of state, as they meet on such occasions, should exchange views, conclude useful agree-

ments, and even issue communiqués, no matter if they are as unrealistic as the one issued on this occasion.

In general, the criteria for the effectiveness of such meetings have been met generally in the circumstances surrounding the visit of Premier Kosygin. I know, for example, of one Canadian M.P., for whom I have the greatest respect and who travelled constantly with Premier Kosygin, who found himself developing a genuine affection for him as a man. I do not, of course, deny him that privilege, or question his judgment. That is one side of the mixed feelings to which I have referred.

The other side I find less pleasant and, indeed, it is less pleasant to discuss. It is in relation to recent Canadian history. However, I feel it is my duty to bring it to the attention of honourable senators.

I should repeat that it is unpleasant not merely because of the overt dissidents who made clear their particular reactions to the visit. It is also important to say that there are many others who would not feel there is wisdom in regarding the visit as an unqualified success, that the protests were without considerable justification, or that they were devoid of usefulness and effectiveness to Canada, the U.S.S.R., and particularly to those fellow human beings who remain involuntarily behind the Iron Curtain. I say that whether they be Jew or Gentile, Moslem or Buddhist; whether their skin be white, black, brown or yellow; whether they be peasants, factory workers, intellectuals, or professionals. I do not condone violence, either personal or collective. I do not condone illegal demonstrations.

Fortunately, in this particular case, while there was one disgraceful incident, the protests by and large were made by responsible groups. They were organized in a responsible manner. The protests may have been loud. One honourable senator objected to that. They may have been noisy, and that was also objected to. They may have been rude, as I think they were on occasion. But I have some doubts whether those of us who do not have emotional involvement with some of those who were protesting have much right to blame them for giving vein to their emotions, tied as they are by family and relations, the fate of friends, and memories of the knock on the door at midnight. Surely we can withhold judgment on those people if, confronted with a situation such as the visit of Premier Kosygin, they violate some of the canons of respectability which we, in normal circumstances, find so easy to observe.

• (1450)

I suggest that these demonstrations have done a lot of good. They will certainly do a lot of good if the Premier carries back to the U.S.S.R. a wider knowledge of the spectrum of Canadian feelings about the treatment of human beings anywhere in the world, which he had an abundant opportunity to observe while he was here. It will be a good thing if from these demonstrations—and it would be hard to see how else he could carry back this impression—he carries back the impression and knowledge that there are people in Canada, some of whom have lived here all their lives and have no family background of oppression anywhere, and others who have not always lived here and have such backgrounds, who are concerned about the essential freedoms and liberties, and who believe in the rule of law enshrined in the Declaration of Human Rights of the United Nations, and observed by and large by most countries of the free world. I hope he will carry back the knowledge that there are Canadians who have escaped from the rigours—which is the mildest word I can use—of the totalitarian police state, who know what they have escaped from, and who have compassion for their friends, relatives and others whom they do not know, who have not had the opportunity to escape.

Premier Kosygin, of course, dismissed these protests in his own country, and we heard him on several occasions refer to the protesters as self-interested agitators, people of no consequence. It is not for me to say a head of state was deliberately stating an untruth, but I would be very surprised if Premier Kosygin was not aware that there were people protesting in the U.S.S.R., and imprisoned for so doing whom we would welcome in this chamber for their qualities of intellect and concern for others.

An important aspect of these demonstrations is that they were not self-interested. They were other-people-interested. That is one of the things that most people believe is the product of a grounding in the principles of democracy, which we have been fortunate to have. I think we should take off our hats to those people who expressed, at the proper time and place and when they had the opportunity, some part of the Canadian concept of democracy—an opportunity others of us had but did not take, of whom I was one.

It is interesting to note that some of the matters not in the communiqué were matters raised by senators. It so happens that of the three senators who asked questions I was the only one who received an adequate answer then or at any other time. I am rather ashamed of that because it was an innocuous question. I asked a question in connection with the projected European security conference. It was an easy one to answer. Other questions, which were not easy to answer, do not appear; there is no reference to their subject matter in the communiqué.

Turning to the subject of the two documents before us, I have not much to say about the General Exchanges Agreement. Senator Lang asked the Leader of the Government to table one of three agreements that are deemed to be annexed to this agreement, namely, the one between the CBC and the State Committee of the Council of Ministers of the U.S.S.R. on Television and Radio Broadcasting. However, there are two others—one between the National Research Council of Canada and the U.S.S.R. Academy of Sciences, and another between AECL and the U.S.S.R. State Committee on the Uses of Atomic Energy. If the Leader of the Government is tabling the document referred to by Senator Lang and having it annexed to our proceedings, I would ask that he include these other two documents respecting the National Research Council and AECL, about which I have some curiosity.

I have rather more to say about the other document which is headed "Canadian-Soviet Communiqué". First of all, I point out that this refers to an agreement or an understanding between governments; not between peoples. The Leader of the Government is well aware of the stand I have taken over the years about this type of agreement. I know the answers he has given me, and will

no doubt give me again, and I always appreciate his constitutional lecture on the status of the Crown prerogative in respect of treaties and agreements. I say to him again that in my view it is an archaic concept, which is doing a great deal of harm to Canada and to the world at large. I refer to the concept that governments can make agreements, can sign them, without any prior consultation with Parliament and without even general approval in advance from Parliament, and that they are under no requirement even to submit them to Parliament unless they wish to do so. Yet these are government to government agreements.

The Government Leader was good enough to table this particular communiqué. I do not know what the intention of the Government is in respect of it. I would be interested to know if the Government is going to ask for ratification. Again, the leader will give me a lecture on the particular types of treaties that require ratification, and those that do not. I am not interested in those particular aspects; I am interested in the principle. Does this document stand only as an agreement between "the two sides"? That is the phrase used throughout. It sounds like a hockey game. On one side there is Canada: Trudeau, Martin, Sharp, Pepin, Chrétien, Davis, Jamieson, Ford and Danson, and on the other side for the U.S.S.R. there is Kosygin, Dzhavakhishvili, Guzhenko, Kozyrev, Mishnik, Miroshnichenko and Lunkov. It is interesting to note that the Canadian side has an advantage in the numbers of players. That is probably why it occurred to me that it has some relevance to a possible hockey game between two teams.

• (1500)

Honourable senators, I am concerned very much as to what has been left out of this communiqué. I am concerned as to whether there are any secret agreements or understandings, and as to whether there are things that we, as parliamentarians, are not told, and things that we are not going to be told.

Hon. Mr. Martin: I can assure you there are no secret agreements.

Hon. Mr. Grosart: I am glad to accept the word of the Leader of the Government for that, but he will not object if I recall that, on much the same subject, I asked him in April last whether there was a secret understanding in Stockholm that Canada, as part of the undertaking to recognize the People's Republic of China, would also undertake to approve the expulsion of Taiwan. At that time, the Leader of the Government said here he would take that as notice and reply. He has never replied.

Hon. Mr. Martin: May I intervene? Canada never moved to expel Taiwan from the United Nations, if that is the implication of what my honourable friend has said. Canada simply voted that that question was not an important question within the meaning of the rules of the General Assembly of the United Nations.

Hon. Mr. Grosart: That is one of the most extraordinary statements I have heard from the Leader of the Government.

Hon. Mr. Martin: Why is it extraordinary? If my honourable friend says it is extraordinary, he leads me to conclude that he does not understand what was involved in this matter—and I cannot believe that that is the situation.

Hon. Mr. Grosart: I hope I understand, but my understanding would never match that of the Leader of the Government. I say that in no rhetorical sense; he has had long experience. The resolution to which Canada assented called for the expulsion forthwith of Taiwan. That is the wording of the Albanian resolution, and I shall be glad to read it to the Leader of the Government:

> The General Assembly recalling the principles of the charter of the United Nations—

And I do not know what principles they were recalling, as I will indicate in a minute.

> —considering that the restoration of the lawful rights of the People's Republic of China—

I do not know what is meant by "lawful rights".

> —is essential both for the protection of the charter of the United Nations and for the cause that the United Nations must serve under the charter, recognizing that the representatives of the government of the People's Republic of China are the only lawful representatives of China to the United Nations and that the People's Republic of China is one of the five permanent members of the Security Council—

With all of which I agree, except the suggestion that they had some lawful right to be there.

> —and that it is time to restore all its rights to the People's Republic of China and to recognize the representatives of its government as the only legitimate representatives of China to the United Nations and to expel forthwith the representatives of Chiang Kai-shek from the place which they unlawfully occupied in the United Nations and in all the organizations affiliated with them.

It is proper to comment, perhaps, that I find it surprising that the Canadians, with knowledge of the rules of decency and fairness, would vote for such a resolution, when the Charter of the United Nations does not provide for the expulsion of a nation without cause.

I should say at this time that I am not here objecting to the decision to admit the People's Republic of China to the United Nations, or to award that country the seat in the Security Council which was formerly occupied by the Republic of China.

To simplify matters, because the terms are so closely connected, I will refer to "mainland China" and to "Taiwan", without any suggestion that their claims to be the People's Republic of China or the Republic of China are being arbitrated by me at this time.

What happened? The communiqué deals with interesting subjects. It has something to say about the Middle East, Pakistan and India, and the European Security Council, Indochina, and China. The document refers to the "sides", and I do not know whether it means the governments or just the "sides", because there seems to be a difficulty of definition here. When you get these two teams lined up, the two captains are left out. I do not know who the sides are, but there is this sentence:

> The sides are in favour of the restoration of the legitimate rights of the People's Republic of China as the sole representative of China in the United Nations.

Apart from the use of the word "lawful"—which I do not understand in that context—I have no objection up to that point. But what the communiqué does not tell the Canadian Parliament and people or the world is that they have agreed to vote to expel forthwith a nation of 14 million people, which had an unblemished record in the United Nations. It does not say that Canada voted with the Soviet bloc against the American resolution—

Hon. Mr. Martin: Nor does it say that Canada voted with Britain.

Hon. Mr. Grosart: —and against almost every nation, large or small, in the China Sea area, including Australia, New Zealand and Japan, all of whom voted the other way. We voted with the solid red bloc. I am not saying there is anything wrong in that; there may be times when the red bloc is right, as the honourable Leader of the Government points out.

• (1510)

Hon. Mr. Martin: I wonder if I—

Hon. Mr. Grosart: Let me finish, if you will.

Hon. Mr. Martin: Very well.

Hon. Mr. Grosart: I want to say that the vote was 59-54. It was a close vote. However, the decision was taken by a majority, and naturally on the majority side were countries such as Britain and many others which are our friends whom we respect.

Perhaps the Government Leader will make his objection now.

Hon. Mr. Martin: It is not an objection. My honourable friend said that Canada voted for the solid red bloc.

Hon. Mr. Grosart: I did not say for the solid red bloc; I said "with".

Hon. Mr. Martin: Yes. Surely that is a misleading statement. Canada voted with many countries, including countries which are communist. However, the vast majority of those which supported the position that Canada took were not communist countries. The impression that my honourable friend leaves by that statement—and, I suspect, he wanted it to go far and wide—is that Canada was lined up only with communist countries. Now, that is a misleading statement.

Hon. Mr. Grosart: Honourable senators, I do not know where we stand on the rules of parliamentary procedure. The Leader of the Government is going rather far when he says it was a misleading statement—

Hon. Mr. Martin: It is.

Hon. Mr. Grosart: —because when he reads the proceedings he will find that I said immediately that I can understand Canada being aligned with the Soviet bloc on certain matters. I made that very clear. In fact, I would ask the Leader of the Government to withdraw his statement that I made a misleading statement, and his implication that I did so with the intention of having it go far and wide. I can assure the Leader of the Government that I am discussing this matter as objectively as I can, as a Canadian, and I resent the implication.

I will give him the opportunity, if he wishes, to withdraw.

[Hon. Mr. Grosart.]

Hon. Mr. Martin: If the honourable senator says he did not intend his statement to go far and wide, then under the rules I have no option but to accept that, and I readily do so. However, I cannot withdraw a statement of fact, namely, that the statement is misleading.

Hon. Mr. Grosart: I did not expect a withdrawal, but perhaps when the Leader of the Government reads *Hansard* he will find that his statement accusing me may itself be misleading. He is a very generous man, and I will give him the opportunity to reflect on it. I will say no more at the moment because as I go on it may well be that I shall raise his ire considerably more than I have done so far by indicating the role he played in giving an assurance to the people of Taiwan that Canada would not vote for their expulsion. I am sure he knows to what I refer.

I was speaking of facts which the communiqué does not mention. The communiqué does not mention that this is the first time that a nation—a small nation it is true—in good standing was forthwith expelled to accommodate the wishes of a very large nation, which was itself at the time and still is the subject of a resolution of the United Nations branding it as an aggressor.

It does not mention that the independence of Taiwan was guaranteed by the United States and, perhaps by implication, by Canada because that came about at the time of the Korean war and was part of the broad strategy of that war, in which a Canadian division was engaged with great distinction. So we can say that the guarantee of the independence of Taiwan has a background of Canadian participation.

The communiqué does not say, in spite of our previous assertions of our undying belief in the principle of universality in connection with membership in the United Nations, that we have now abandoned this; we do not believe this any more. It does not say we believed it until the crunch came; that when the crunch came we forgot all our assurances in the United Nations and elsewhere, including assurances by the present Prime Minister of Canada, that we would hold to the principle of universality. I would be glad to give the Leader of the Government, if he wishes, the citation for that, because I have it here.

The communiqué does not say that we have banished a nation of 12 million or 14 million people to the outer darkness in perpetuity. The seating of mainland China in the Security Council means they have a veto on the admission of any new nation. There are 131 nations in the United Nations. As the Leader of the Government said very eloquently on one occasion—and I will recall it word for word in a moment—this important little nation had a larger population than two-thirds of the members of the United Nations. That is a very good reason for not taking the action which we have so recently approved. Therefore it is very doubtful if these 14 million people can or will ever again join the community of nations as represented by the United Nations. I would be very surprised, having in mind the attitude of the government of the People's Republic of China to Taiwan, if they ever voted for the admission of Taiwan, whether Chiang Kai-shek is there or not, in view of their claim that it is one of the 21 provinces, which I believe is the current count. What hope does this country of 12 million or 14 million people, forthwith expelled from the community of nations for the first time

in history, a founding member with no blemish, ever have of joining the community of nations?

As a Canadian I am ashamed that we took part in this abandonment of these people. I hold no brief for Chiang Kai-shek—none whatsoever. I know his record and background. I have no brief for the two million followers and supporters of Chiang Kai-shek who, discredited and dispirited, left the mainland and took refuge in Formosa. I have respect for the right of self-determination of the 12 million indigenous people who are not by any means all Chinese—certainly not by any means all Han Chinese in the modern sense—who have a long history of independence and co-operation with other countries. However, that is not a question which I wish to argue. I merely say that they have been abandoned, and abandoned by Canada. The communiqué does not tell us that Canada went back on her assurances, that Canada broke its word.

• (1520)

I know of no better case to be made for a "rational" treatment of these millions of people, than that made by the distinguished Leader of the Government when speaking in the United Nations in 1966. In one of his most eloquent speeches, and he made many—we must keep in mind what has happened in the last few days—the Leader of the Government referred to two options, and then said:

> The other option also asks us to close our eyes to a part of the reality of the Chinese situation.

He was speaking of the option to insist on the expulsion of Taiwan. He went on:

> It would have us do so by extinguishing for all practical purposes the international personality of a government which controls the destiny of some 12 million people, a greater population than that of three-fifths of the member states of this organization.

That was Senator Martin speaking on November 23, 1966 at the United Nations:

> That is why these options have not carried us forward. They do not take account of fundamental changes which have occurred in China since the UN was established. They do not point to a rational solution of the problem. They do not point to a solution which is in accord with that common interest which should be the basis of a world organization.

Further on he said:

> We also have before us once again the proposal of the Albanian Delegation and other co-sponsors. The intent of this proposal—

He was coming back to his early remarks:

> —is to seat the representatives of the People's Republic of China in the UN. With this we are in full accord, but the resolution embodying this proposal goes on to stipulate that this be done by expelling the representatives of the Republic of China. The Canadian position on this resolution has been that two wrongs do not make a right.

I suggest to honourable senators that that applies every bit as much now as it did then. Two wrongs do not make a right.

Speaking for Canada, the Leader of the Government said:

> We can see neither sense nor justice in the United Nations General Assembly denying to the Government of the Republic of China the right and responsibilities of UN membership or in withholding from its people the benefits of international co-operation. If we are to seek a rational and realistic answer to this problem before us, I cannot see that such an answer is to be found in terms of the Albanian resolution.

And that resolution was almost identical to the one we voted for recently.

Hon. Mr. Martin: No, it was not. At that time Taiwan, in the view of the Canadian Government, was the Republic of China. Since that time the Canadian Government has recognized the government of the mainland as being the Republic of China. There cannot be two Republics of China.

Hon. Mr. Grosart: It is essentially the same situation. Later on in the same speech, Senator Martin dealt with the whole question of two Chinas. It certainly was not necessary, if Canada or anyone else was seeking a rational solution, to insist that Taiwan be seated in the Assembly as the Republic of China. However, I will deal with that a little later. Senator Martin went on:

> It was with these practical requirements in mind that the Canadian Delegation, in the course of the consultations we have held, suggested the following guidelines as a basis for a reasonable interim solution:
>
> First, the participation of the Republic of China—

That is, Taiwan.

> —in the UN General Assembly as member representing the territory over which it exercises effective jurisdiction;—

That is something that has not changed a bit since.

> —second, the participation of the People's Republic of China in the United Nations General Assembly as member representing the territory over which it exercises effective jurisdiction;
>
> third, the participation of the People's Republic of China in the Security Council as a permanent member.

Yet the Government Leader now rises and says that it was different; "We were not talking about two Chinas."

Hon. Mr. Martin: That is right.

Hon. Mr. Grosart: He gives the answer here himself, that the Government was prepared to accept two Chinas.

Hon. Mr. Martin: No, never.

Hon. Mr. Grosart: The language could not be clearer. The Leader of the Government says no. Let me read it again.

Hon. Mr. Martin: Yes, please do so.

Hon. Mr. Grosart: It reads:

> I want to make it clear at this point that the solution we envisage is in no way intended to imply the existence of two Chinas.

The proposal was that the Republic of China be admitted to the General Assembly as the Republic of China, and that the People's Republic of China be seated in the Security Council. If that is not accepting a two-China policy, then what is? The proposal was: We will have two Chinas, one called the People's Republic of China, and the other called the Republic of China. If that is not a clear statement of a two-China policy, I do not know what is. The Leader of the Government, then Secretary of State for External Affairs, said:

> Some 11 years ago my Delegation was instrumental in helping to break the deadlock which then debarred a substantial number of states from being admitted to membership in the UN. The action we took at that time was prompted by our concern—

Hon. Mr. Martin: I am not laughing at you.

Hon. Mr. Grosart: I am sure you are not.

Hon. Mr. Croll: He was laughing at me. He said that I too did not understand it, because I agreed with you.

Hon. Mr. Grosart: The Leader of the Government never laughs at the wrong time. He continued:

> The action that we took at that time was prompted by our concern for the principle of universality which was so eloquently commended to us in the memorable address given in this Assembly last year by His Holiness Pope Paul VI. In his words: "Once more we repeat our wish for you: 'Go forward.' We shall say more: 'Strive to bring back among you any who may have left you; consider means of calling into your pact of brotherhood in honour and loyalty those who do not yet share in it. Act so that those still outside will desire and deserve the confidence of all; and then be generous in granting it'."

That represents a considerable change of viewpoint over the years. The Taiwanese are looking to the time when there will be a plebiscite, when they will have the right of self-determination about which we talk so much. I would not blame any Taiwanese who looked back and said, "Why didn't Canada keep its word? Why did she give us those assurances if she had no intention of following them through? Why did she abandon us to accommodate our rivals?"

That was in 1966. Let us go on to the next year. I shall now read a paragraph from the *Canadian Annual Review* only because it has specific quotations:

> On May 3 the Prime Minister was asked in the House about his statement of two days before to the World's Veterans' Federation in Toronto that Canada's position was that UN membership should be universal. He replied that he had not said anything new on this question, but admitted that he had discussed the question of Chinese membership in the UN with Mr. Arthur Goldberg on May 16. On July 11 Mr. Nesbitt asked whether the government had decided on its position regarding the seating of Communist China in the next session of the General Assembly. The Prime Minister replied: "No."

• (1530)

This is the *Canadian Annual Review* comment:

> However, the Government perceptibly shifted on this question on August 26 when Mr. Martin said in Banff that "we consider that the isolation of Communist China from a large part of normal international relations is dangerous . . . We are prepared to accept the reality of the victory in mainland China in 1949 . . . We consider however, that the effective political independence of Taiwan is a political reality too."

I move on to the next year, 1968. Senator Carter asked Senator Martin a question in this chamber, and in reply the Leader of the Government said:

> The debate on the China question in the United Nations opened yesterday. As the Prime Minister indicated over the weekend, the Canadian position with respect to the admission of mainland China will be that stated by me, as Secretary of State for External Affairs, two years ago in the General Assembly. Canada favours the admission of mainland China to the United Nations, and is of the view that mainland China should occupy a seat on the Security Council, but admission of Peking should not prejudice the participation, as a state member, of Taiwan . . .
>
> A third resolution, put forward by Albania, is two-pronged. It calls, first of all, for the admission of mainland China, and in another part it calls for the expulsion of Taiwan. As we are in favour of the first part of the resolution but are opposed to the second part, we will abstain from voting. By our abstention we indicate our view of the desirability of admitting mainland China to the organization, but we oppose the expulsion of Taiwan.
>
> The question of bilateral relations is a matter that is engaging the attention of the government—

This is Senator Martin in this chamber:

> —and in participating in such relations—

This sounds almost pathetic to me.

Hon. Mr. Martin: Up to now we have been friends.

Hon. Mr. Grosart:

> —we take into account our ties with Taiwan.

Bless the ties that bind our hearts in Christian love.

We move on to 1969. I read now a brief extract from the official publication of the Department of External Affairs:

> Also, on February 12, 1969, in reply to a question that compared Mr. Sharp's statement with a previous statement by Mr. Trudeau, the minister said: "The Government's policy with respect to the recognition of China has been expressed by the Prime Minister and myself in recent days."

I interject at that point that there had been some suggestion that Canada had reversed its position, and some of us expected a full and perhaps apologetic, at least understanding, explanation. What did the minister say?

> That is our policy and if it varies in any respect from what has been said previously, it varies.

International diplomacy? Mr. Sharp said on May 29, 1969:

> Canada has a one-China policy and, since the Nationalist Government purports also to be the Government of China, we cannot recognize both Peking and Taiwan at the same time.

Hon. Mr. Martin: Right.

Hon. Mr. Grosart: That was said in spite of the clear suggestions over and over again in the previous years that Canada could recognize both Peking and Taiwan. I would agree that Mr. Sharp's words were ill-chosen. He must have regretted that he said "Peking and Taiwan" and not "The People's Republic and the Republic of China". The extract I read from the speech by the Leader of the Government clearly indicated to all the world and to Taiwan that we were prepared to recognize two Chinas, one in the Security Council, one in the Assembly.

I could go on I suppose. It is a long, sorry story, starting with the time when we opposed the expulsion of Taiwan. Then we were not too sure, our courage was not up, and we said, "At the next stage we will abstain from voting". Then our whirling dervishes went all of the way round and we finally wound up voting for a resolution in almost identical terms to the one we said we could not vote for on these humanitarian grounds. The humanitarian grounds had not changed; we had changed; we had changed. That is why I say, as a Canadian, I am ashamed of the position we have taken in regard to these 12 million people over the years.

On April 7 of this year I asked the Leader of the Government a question in this chamber:

> Would the Government Leader tell us whether any undertaking was given at the time of the negotiations in Stockholm that Canadian diplomatic relations would be severed with the Island of Taiwan, as reported officially in the official organ of the Department of External Affairs?

The Leader of the Government replied:

> My honourable friend told me last night during a social hour that he proposed to ask this question today, but since it touches on a very important subject I should like some time to consider a reply.

That is what he said, and very wisely too. I have not changed my opinion on that; I would not say there has been a refusal to reply; he was very wise to take this kind of time, but I would still like a reply.

As I said earlier in dealing with this communiqué, it is a complete unreality; it refuses to deal with the very issues that Canadians brought to the attention of the two governments in the clearest possible terms, not merely the segment of the public at large, not merely very concerned people, but also senators and members of Parliament. The communiqué has nothing to say on what stand Canada took on these matters and what the reaction of the other government was. It would seem to me that with the two sides, if you like, together this was a glorious opportunity presented to Canada to say to the other side, "Here are the things that concern the people of Canada. You can hear it outside; you can see it on the signs; you saw it at the *in camera* meeting; you saw it at the press conference. These are the matters between us on which Canadians are showing great concern. Give us your answer". I am not saying that was not done; perhaps it was. If it was, the communiqué remains unrealistic. If it was not, the whole exercise is even more unrealistic than I thought it was.

Hon. Mr. Martin: A very good debating speech.

On motion of Hon. Mr. Thompson, debate adjourned.

• (1540)

TEMPORARY WHEAT RESERVES ACT

FAILURE OF GOVERNMENT TO MAKE PAYMENTS—OMISSION OF ACT FROM REVISED STATUTES OF CANADA, 1970—DEBATE CONCLUDED

The Senate resumed from Wednesday, October 27, the adjourned debate on the inquiry of the Hon. Mr. Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the Temporary Wheat Reserves Act, and to the omission of that Act from the Revised Statutes of Canada, 1970.

Hon. Paul Martin: Honourable senators, I had not intended to speak on this item today. I thought Senator Grosart would speak even longer and even more critically than he did. Nevertheless, he spoke with such vigour that I have some doubts as to whether I should reply now, as I want him to follow what I am going to say in the carefully prepared statement that I have. In speaking about the liberties which he alleged were taken by the commission on the revision of statutes, we are moving from one vitriolic subject to one of relative peace, but there is a lot of real friction in this subject just as there is in the other. However, I think I might as well make my statement now and get it on the record.

Senator Grosart's remarks on October 27 last on the Revised Statutes of Canada, 1970, raise a number of matters some of which relate to technical difficulties which will not have much meaning without an explanation of the problems associated with the preparation of a general consolidation and revision of the public general statutes.

One matter should be clarified at the very outset. Senator Grosart assumes, and he may not be alone in this assumption, that the omission of an act from the revision was on the instruction, or at least on the initiative, of the Government; that the Statute Revision Commission was in this way induced by the Government or by the Minister of Justice to leave acts out of the revision. I can assure Senator Grosart that that is not the case.

At no time during the preparation of the revision did the Government or any minister of the Government, or any person on behalf of a minister, instruct, suggest or seek the inclusion or exclusion of any act or any part of any act in or from the Revised Statutes of Canada, 1970.

It is important to make this denial, not only on behalf of the Government but on behalf of responsible members of the Public Service who constitute the commission.

Hon. Mr. Grosart: Who is the chairman?

Hon. Mr. Martin: I am going to give the name of the chairman and a list of the personnel, in a few moments.

Decisions of this kind were decisions of the commission, reached after a consideration of the nature of an act, its application, and whether it was likely to be current law at the time the revision was published and available for distribution. This is what the Minister of Justice referred to the other day as a matter of judgment by the commission.

The commission was charged, under the law, with the duty of arranging, revising and consolidating the statutes,

and in carrying out that task is required to follow the directions of Parliament in the performance of its statutory obligation. The commission is not subject to directions from Government in the performance of its work, nor were the powers of the commission, to which Senator Grosart made reference, unusual powers. He spoke of this as though this were the only commission which acted in this way, in this country or in any other jurisdiction. What are the facts? The same powers as exercised by this commission were given to the Revision Commission in the case of the revisions of 1927 and 1952, and the same or similar powers are given in the case of provincial revision bodies to carry out general revisions of provincial statutes.

It is difficult to see how a revision commission could carry out its task without such powers, for a revision is never simply a paste-up of a statute and its amendments. The language used in statutes, and the mode of expression used in statutes, change over a period of time. It is impossible to obtain any improvement in the language of statutes if these powers are not given by Parliament. Also, over a span of time, amendments made in one statute create inconsistencies or anomalies in other statutes which cannot be removed without exercising such powers.

These powers—I am sure Senator Grosart will agree—are exercised with great care. If a commission exceeds its powers to make minor amendments, to correct inconsistencies or to provide more uniform expression, but attempts instead to make substantive amendments to statute law by way of a revision, then those amendments would be unauthorized and ineffective and they would not form part of the substantive law. It is clearly the intent of the Revision Act that the statutes contained in the Revised Statutes shall not be new laws, but shall be construed and have effect as a consolidation and as declaratory of the law as contained in the acts and parts of acts repealed by inclusion in the revision.

Senator Grosart—industrious and resourceful as he is—leaves the impression, perhaps inadvertently, that there was some secrecy surrounding the membership of the commission. He implied that in the question he put to me a few moments ago. On a number of occasions since 1965, in response to inquiries in the other place, the names of the members of the Statute Revision Commission have been published.

The commission was established on May 4, 1965, and constituted at that time the following: The late Honourable Guy Favreau, *ex-officio* as Minister of Justice; Dr. E. A. Driedger, then Deputy Minister of Justice; Honourable R. Bedard, then Associate Deputy Minister of Justice, now a judge in Quebec; D. S. Thorson, Q.C., then Director of the Legislation Section of the Department of Justice, now Associate Deputy Minister of Justice, and, I think, one of Canada's outstanding public servants; Jean Miquelon, C.R., then Under Secretary of State, now President of the Crown Assets Disposal Corporation; J. Q. Ryan, Q.C., known familiarly to members of the various Senate committees, then Senior Advisory Counsel to the Department of Justice, now Director of the Legislation Section of the Department of Justice, formerly revisor of the Revised Statutes of Alberta, 1955.

[Hon. Mr. Martin.]

The present Minister and Deputy Minister are now Messrs. J. N. Turner and D. S. Maxwell. The other members have not changed.

Because of the large amount of legislation emanating from Parliament in the years 1966 to 1969, the commission had to revise continuously the manuscript of the revision during those years. When it began to commit the manuscript to the printing process, development of a computerized printing process was still under way. It was therefore necessary, in order to fix the material to be contained in the manuscript of the consolidation, to provide an arbitrary "cut-off date" of some kind which would not be inconveniently too far before the time when the revised statutes could be expected to be available in published form.

It will be noted in the table of contents in the volumes of the Revised Statutes of Canada 1970—I think my honourable friend mentioned this—that the commission settled upon December 31, 1969, for this purpose.

• (1550)

The Statute Roll is referred to in section 3 of the Revised Statutes of Canada Act (1964-65, chapter 48), and is the official copy of the consolidation that is required to be presented to the Governor General upon completion of the consolidation. The Statute Roll, attested under the signature of the Governor General and the Clerk of the Parliaments, is required to be deposited in the office of the Clerk of the Parliaments. It will be interesting for honourable members to know that the Clerk of the Parliaments is in fact the Clerk of the Senate. Thereafter the Statute Roll is to be held as the revision of the statutes so arranged and consolidated by the Statute Revision Commission.

Because of the need to develop the computerized printing systems and programs, and the time involved in doing this during the production of the Statute Roll, it became apparent in 1970 that the Statute Roll could not be completed and in printable form until some time in early 1971. This necessarily involved a time lag of a year to a year and a half from the setting of the contents of the revision and its subsequent promulgation and circulation to the public. In point of fact, the printing process went into full production, without further development delays, about the middle of August 1970, as it was only then that the last of the programming difficulties were solved.

The commissioners—and I have discussed this with them since my honourable friend made his speech—were aware during this period that there were a number of statutes contained in the manuscript of the revision that were in course of either being repealed or amended by matters either before or coming before Parliament in the period during which the printing of the Statute Roll would be in process. In the desire to avoid having too much of the revision out of date, or duplicated, by statutes replacing matter in the manuscript, a number of statutes were omitted from the revision. This was done where there was a reasonable anticipation that these statutes would be repealed or replaced by legislation in the period during which the printing was in process.

This decision seemed warranted on the basis of the authority of the Revision Act, and seems indeed to have been contemplated by section 3(2) of the statute itself. It is

provided therein that any other public statute of Canada, not included in the consolidation, that the commission may consider advisable to so incorporate, may be placed in a supplement.

Some difficult decisions had to be made with respect to statutes to be included or omitted under these circumstances; for example, whether it was advisable to include the Canada Elections Act and have it appear in both the revision text and in the supplement, since that act was being considered for replacement during that period. Similarly, the Expropriation Act was in course of being replaced. Because of circumstances concerned with the printing, it was possible for the commission to exclude from the manuscript of the Statute Roll the Elections Act, but it was not possible to exclude the Expropriation Act without unduly delaying the printing process. Now, that is the explanation given.

The power to add supplements clearly contemplated the inclusion of omitted public general statutes in a supplement. Indeed, this practice was followed in the 1952 revision by the omission therefrom of the Criminal Code, Canada Evidence Act, and Combines Investigation Act, among others, from the Revised Statutes of 1952. The last two acts were later included in the supplement volume of that revision. It was therefore possible to include by way of the supplement public general statutes that had been omitted from the revision proper, should it be considered advisable to do so later.

The Temporary Wheat Reserves Act fell within a class of statutes that, technically, could be omitted from the main body of the revision at that time without delaying the printing of the revision and could later, if advisable, be included in a supplement.

Not all acts of the Parliament of Canada are included in a general revision of statutes. I am afraid that Senator Grosart has been guilty of making an unwarranted assumption when he says, "If it is not here, of course it is not the law of Canada." Only those acts or parts of acts set out in Schedule A to a revision are included. Schedule A is required in the case of the present revision by section 4 of the authorizing statute (1964, chapter 48) to be appended to the roll, and has the effect under that act of repealing those acts or parts of acts so listed therein and included in the revision. This section also authorizes the inclusion in Schedule A of acts inconsistent with acts in the revision, and acts, the force of which is spent. In point of fact, that schedule in the Revised Statutes of Canada, 1970, includes therein only those acts and parts thereof that are superseded by the acts consolidated or included in the revision. All acts not referred to in that list are not consolidated and not repealed.

Certain public acts not included in revisions of the Statutes of Canada since the 1906 revision are set out in the Table of Public Statutes at the end of each annual volume of the Statutes of Canada. The latest published edition of this series is the Statutes of Canada, 1969-70. The table there is entitled "Table of Public Statutes, 1907 to 1969-70," and lists a number of statutes omitted from earlier revisions.

Other public acts normally omitted from but not repealed by a revision fall within the following categories:

1. Acts considered to be of a local or personal nature, that could be the subject of a private bill.

2. Acts which by their nature take on the aspects of constitutional acts. Into this class fall such acts as the Alberta Act and Saskatchewan Act of 1905, provincial boundary acts, et cetera.

3. Acts which are required to be printed with the revision. This class generally includes only the act authorizing the revision.

4. Acts which have fallen into disuse or the usefulness of which is vanishing or has disappeared.

5. Acts which relate to one place or subject, such as specific boards of trade or medical groups.

6. Acts which by their nature are temporary and the time within which they are to operate has expired.

• (1600)

A new category was added by the 1970 revision. Senator Grosart touched upon this new category when he asked why the Canadian Bill of Rights was not included in the revision or the first supplement thereto. The commission did not include that act in the revision, but instead printed it with the acts contained in the appendices volume, because it could be considered in one sense to be different in character from the other acts being consolidated, in as much as it applies to all statutes of the Parliament of Canada. In this aspect, it has some of the characteristics of a constitutional act.

More important in the view of the commission, its inclusion in the revision proper would have involved a technical repeal of the Bill of Rights, which thereafter would be cited as a chapter of the Revised Statutes of each succeeding revision. The citation 1960, chapter 44, would no longer be apt and the Bill of Rights, which had been extensively circulated by reference to 1960, chapter 44, would be in a similar situation to acts often seen in public places such as Innkeepers Acts, which are referred to by the original citation when the original had been replaced.

It seemed advisable to the commission therefore—and I think eminently and correctly so—not to include the Bill of Rights in the revision, and thereby substitute a chapter of the 1970 revision for chapter 44 of the Statutes of Canada. In short, the Statute Revision Commission did not consider it desirable that the Bill of Rights, by inclusion in the revision, be taken to be "the original of the" Canadian Bill of Rights as enacted in 1960.

Senator Grosart persisted, as he always does, in boring within, giving the impression that something sinister had happened. He went on and said that he had sought information about where the omitted acts would be shown. His remarks may help to lead to this compilation of statutes and its publication in easily accessible form. He will therefore have rendered a service. However, his main theme of sinister, back-door action on the part of someone with regard to the Temporary Orders Act simply cannot be sustained.

The revision of statutes is not an easy accomplishment. That there are so few errors made in revisions in Canada by those charged with carrying out what has to be one of the most thankless tasks in the country says much for those who in the past have undertaken this task. It is unfortunate in the present case that a circumstance

beyond the control of the Revision Commission has cast aspersions on the manner in which the Revised Statutes of Canada, 1970, were prepared. That revision, which is still underway, had more than the usual difficulties.

It may be that in this day and age, with Parliament enacting legislation on a virtually year-round basis, both the Government and Parliament will have to consider whether the old method of seeking ad hoc revisions is now the best way of carrying out a general revision. Some jurisdictions have moved to continuing revisions, and a greater use of updating by loose-leaf system of adding to the Revised Statutes.

It may well be that with the experience obtained and available through this revision, the Government will be making proposals to Parliament along those lines after the completion of this revision. As was indicated in the explanatory note to the revision referred to by Senator Grosart, the Statute Revision Commission has attempted to make use of modern technological developments to assist future revisions, whether ad hoc or continuing.

The commission itself had full responsibility in this matter. The commission is made up of responsible public servants with the greatest integrity. I know that Senator Grosart will accept their explanation as an answer to what I thought were ill-considered charges.

Hon. Mr. Grosart: The Leader of the Government has asked me a specific question. First, I should like to thank him for his very detailed reply. It always amazes me how he finds time to do the tremendous amount of homework involved in obtaining all the necessary details, and how he finds time to put down on paper such a compendious speech. I congratulate him.

Hon. Mr. Martin: I never go to bed.

Hon. Mr. Grosart: Secondly, it was not my intention to cast any aspersions on the members of the commission. My concern or interest was largely how such a group of eminent and brilliant politicians and lawyers could have managed to embarrass the Government to the extent they have. Thirdly, the Leader of the Government at one point termed my questions as being sinister. He found me guilty of—it was not misrepresentation.

Hon. Mr. Martin: Mischievous conduct.

Hon. Mr. Molson: Boring from within.

Hon. Mr. Grosart: As Senator Molson said, "boring from within." The very full and complete answer given to a question of some interest indicates that there are specific functions which we can perform in this chamber, because our friends in the other place were not able to get anything like such a complete answer to the questions they raised.

Hon. Mr. Forsey: May I ask the Leader of the Government about something that is not altogether clear to me, even from his very compendious, detailed and admirable reply? In which of the categories which he described—I think there were seven of them—did the Temporary Wheat Reserves Act come? I could not fit it into any one of them. I still cannot understand how it came to be left out, except on the dubious assumption that the passing of the repealing act was a dead certainty.

Hon. Mr. Martin: Clearly it was within that category of those acts which it could reasonably be presumed would be repealed. Certainly that was a very valid presumption to make. Civil servants could not be expected to think that Her Majesty's Opposition would take such a long time with a measure that involved a repealing of the act in question.

Hon. Mr. Forsey: The act was introduced only last spring, some considerable time after the process of revision was well under way. I remain profoundly mystified by the assumption that there was absolute certainty of the passage of this bill. I should have thought that was a most imprudent assumption, whether on the part of a public servant or the Government.

Hon. Mr. Martin: I am sure that Senator Forsey is mystified, but not profoundly so.

The Hon. the Speaker: I must inquire if any other honourable senator wishes to take part in the debate; if not, the inquiry will be considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 4, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Schumacher, Laflamme, Caccia and Guay (St. Boniface) have been substituted for those of Messrs. Dinsdale, Pringle, Marchand (Kamloops-Cariboo) and Osler on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Paul Martin: Honourable senators, pursuant to a request put to me the day before yesterday by Senator Lang, I wish to table the following:

> Copies of General Agreement on Co-operation in Radio and TV Broadcasting between the Canadian Broadcasting Corporation and the USSR Council of Ministers Committee for Radio and Television Broadcasting, signed at Montreal March 10, 1969, together with copies of Supplements A and B.

Senator Grosart was also interested in this yesterday.

There is one other report required to be tabled by law which I would table now. It reads as follows:

> Report of the Department of National Revenue containing Statements relative to Customs-Excise Revenue and Other Services by Ports; Excise and Income of Canada, for the fiscal year ended March 31, 1971, pursuant to section 5 of the Department of National Revenue Act, Chapter N-15, R.S.C., 1970.

TAX REFORM

PRELIMINARY REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM LEGISLATION—TABLED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I desire to table the preliminary report of the Standing Senate Committee on Banking, Trade and Commerce on the summary of the 1971 tax reform legislation, and I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*For text of report see Appendix to today's Hansard.*]

Hon. Mr. Hayden: Honourable senators, with leave and notwithstanding Rule 78—which "notwithstanding" is put in there for the satisfaction of Senator Grosart—I should like, if it is the wish of the Senate, to add a few words to expand the substance of the report.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, before we proceed with this matter perhaps the honourable Senator Hayden will permit me to make a few remarks. It was agreed by honourable senators to permit Senator Hayden to make a few comments on this interim report, but I should remind the house that there is no order of the Senate dealing with this matter and there is no motion to sustain it. In the past I think it has been the practice in these cases to permit some other honourable senators, especially on my left, also to make a few comments. I would hope that this would be understood if any other honourable senator should wish to add a few comments. In asking for your co-operation in this matter, I do so with a view to ensuring that this does not develop into a general debate. We are dealing here with an interim report, and I understand that the remarks of Senator Hayden may be followed by remarks from some other honourable senators. The point I am making is that I should like at this time to prevent a general debate which in the circumstances would be out of order.

• (1410)

Hon. Mr. Hayden: Honourable senators, what His Honour the Speaker has just said is exactly what I was going to say. This is a preliminary report and since the legislation is not before us it would be unfortunate if a debate were generated, because some people might take positions in relation to it. When the bill is finally before us, honourable senators will be in a position to deal with the merits of the bill itself.

The purpose of referring this study to the committee initially was to obtain as much information and understanding of the proposed 1971 tax reform legislation as we possibly could in order to be better prepared when the legislation finally came before us. We feel we have done this, and I am not boasting the fact that we are in any way walking encyclopaedias on Bill C-259. I would challenge the statement that it would be possible for anybody to be a walking encyclopaedia on this bill at the present time. We feel that we have covered the various points in an understanding way.

In the month of October we had up to 30 submissions before us. They were selected on a basis which would give as much information on an individual point as we could possibly obtain from one original or main source. In other words, when we were dealing with the White Paper we had mining subsidiaries, the mining association, and some of the larger mining companies before us. We felt there

would be substantial repetition if we did that on this occasion. Therefore, when we had a request for appearances we asked that two or three substantial mining companies and the mining association appear before us. We felt that this would cover the various phases of the bill. We did not make any other appointments in that regard.

When we were dealing with foreign sources of income or multinational companies we heard from several of the major multinational companies. We also had several other briefs presented to us. We thought we had achieved a reasonably good understanding of the matters presented and were now able to transmit them to the Senate along with our suggestions and recommendations. Since we have made recommendations I feel this is another reason why there should not be debate on the merits of Bill C-259 at this time. These are recommendations by your committee to the Senate as to what we feel is required in order to bring about a better bill and to remove some of the burden and onus imposed on different classes of companies by this bill.

The problem now is to summarize the substance of the report, and if you wish to put some meat on the bones of what I present to you today you can read the report. I feel it is readable.

The epilogue on pages 47 and 48 list a number of subjects not covered in the report. They are not covered because we are still analyzing and studying some submissions. We intend to start immediately on the subject matters, or most of them, contained in the epilogue, which contemplates a further preliminary report.

The only other report which we propose to make will be entitled "Technical". There have been many "technical amendment proposals" submitted to the committee relating to the language, drafting and lack of clear intention. The Institute of Chartered Accountants has been very helpful in that regard, having furnished us with a complete memorandum of the various items, together with section-by-section reports of points they feel require tidying up.

They stated they had submitted the same document to the Minister of Finance. Approximately one-third of their suggested technical changes are dealt with in the first series of 95 amendments. They were very frank in admitting that with respect to some other items the relative parts of their memorandum were drafted before they had sufficient time to consider the implications fully. On further reflection they agreed to withdraw several items in the list. We have asked them to present their list to the extent that it has now been recognized and accepted, striking out those items for which they have now had opportunity for second and third thought. We informed them that we will submit a second report on the technicalities. By that time we should have finished work in connection with the reference and, we would hope, the bill will have been received here.

In discussing the report today, I propose to comment on various phases of the proposed legislation which affect many people such as farmers and employees who are members of employee profit-sharing plans and deferred profit-sharing plans. I will also discuss the proposed departure tax, and the matter of gifts and bequests on death.

[Hon. Mr. Hayden.]

We believe there is a glaring problem to be dealt with in the matter of *inter vivos* gifts to registered charitable organizations. I wish to illustrate to you just what the effect is—it is difficult to conceive what was intended—but I will not go into it in detail.

The attitude of your committee has always been that in our social order farmers are entitled to a little more consideration in the tax laws. This is by reason of their service and dedication—sometimes for generations—to the development of farms and the growing of food. Bill C-259 proposes to do away with what is called the "basic herd" concept, which has been in force administratively for many years. Under this concept the farmer is entitled to build up a basic herd which would represent a capital asset. If he sells off part of that herd or replaces it in each year, this does not attract tax. The bill proposes to do away with that. The committee is of the opinion, however, that the basic herd concept is a good thing and should be continued.

• (1420)

Submissions were made from agricultural organizations on a problem that has worried farmers. I am referring to a situation where a farmer wishes a farm to remain in the family at the end of his lifetime. Under the bill as originally drawn, there was the problem of the possible attraction of capital gains tax. The farmer would have attracted a gain, and would therefore be subject to capital gains tax even in the process of selling the farm to his son or sons. In this respect the committee's recommendation is as follows:

> Your committee recommends that consideration be given to extending the rollover provisions—

The word "rollover" is an expression used where the incidence of tax is deferred for a subsequent period and it is necessary to provide what that subsequent period will be.

> —to permit land together with any other capital property which is used by an individual in a farming activity to be transferred, either during lifetime or on death, to lineal ascendants or descendants without being subject to capital gains treatment under the deemed realization provisions. This exemption should only be available in those circumstances where the transferee or transferees continue to carry on the farming activities.

The Committee recommends removing the weight of capital gains tax from being applied in a situation where a farmer meets those circumstances and is keeping the farming operation in the family.

It may be worthwhile to devote a couple of minutes to discuss the deferred profit-sharing plans, because there are literally thousands of employees who participate in such plans. They enjoy a certain position at the present time and have done so for years.

Some who appeared before us had a deferred profit-sharing plan which had been in existence for 50 years. In another instance a similar plan had been in operation for 48 years.

Theoretically a deferred profit-sharing plan is for the purpose of accumulating in a trust, during the working lifetime of the employee, sums of money made up of his

own contributions, company contributions, and earnings and gains in the fund. At the end of the road, when the employee withdraws from the plan, he receives a lump sum payment.

It would appear from the bill that a somewhat paternalistic attitude exists, that perhaps it is a bad thing to allow employees to take out accumulated amounts in a lump sum. However, the evidence from responsible organizations indicated that they constantly and continually kept in touch with their employees, even after retirement, and that there has not been any waste or loss of that money. The retired employees have used it quite wisely. They have paid off their mortgages and reduced their obligations in order that they may live more freely afterwards. If they want to go into a small business of some type to occupy themselves they have the money available to do so. They have a fund which to them represents security at a time in life when they are leaving their main occupation and their main earnings.

The way in which a deferred profit-sharing plan works at the present time—and until Bill C-259 is passed, if it is passed unchanged notwithstanding our recommendations—is this: The employer contributes to the plan just as if he was paying a higher salary to the employee. This extra amount is income to the employee, and is subject to income tax. The employee also pays into the plan, and he pays into it with tax-paid dollars because he is not permitted to deduct the amount he contributes from his income, as he can in respect of a pension plan. If an employee contributes a certain amount in a year to a pension plan, then that amount is deductible from his income. There are earnings in the plan which are income, and these are taxed annually in his hands.

The tax treatment of deferred profit-sharing plans differs from the treatment accorded employees' profit-sharing plans. The provisions of the present law relating to deferred plans are, in summary, as follows:

1. the employee is not taxed currently on any amounts which his employer may contribute to the plan on his behalf nor on the income earned in the year by the plan; and

2. instead, the employee is subject to tax on the full amount received on his withdrawal from the plan minus any portion representing a refund of contributions paid by the employee into the plan; the exclusion of the employee's contributions follows from the fact that the employee is not allowed a deduction for contributions but is obliged to make these payments out of tax-paid dollars.

It is significant to note that the amount taxable as income in the employee's hands represents not only his share of (a) the employer's contributions, and (b) the income earned by the plan, but also (c) his share of any net capital gains of the trust. This treatment has been acceptable to member employees partly because of the tax deferral feature inherent in these plans but also in large measure because the employee has the right to avail himself of the special tax averaging provisions of section 36 of the present Income Tax Act in respect of a lump sum payment received on his withdrawal from the plan.

In 1961, I believe, the then Minister of Finance saw the merit and virtue of this type of deferred profit-sharing plan. He realized that if the employee were to continue to pay income tax on the employer's contributions the burden was going to be quite heavy. This realization resulted in the need for some basis on which the incidence of income tax on the employers' contributions could be deferred until a later date. Consequently, a section was inserted in the present act in 1961 under which the incidence of tax on the employer's contributions was deferred until the employee withdrew his money from the plan. This meant that the tax was deferred until the employee was in a financial position to deal with it. The section went on to give him the benefit of averaging in order to determine what his rate of tax would be. It would not necessarily be at the marginal rate. The averaging could go back for three years prior to the particular year in which the payment was made.

That section had a top limit. A person could not accumulate more of the employer's money in this deferred plan under this special rate of tax than the product obtained by multiplying $1,500 by the number of years he had been in the plan. This was the limit that was subject to the section 36 rate of tax. This, of course, was of considerable benefit to these people. They continued to make their contributions with tax-paid money, and they continued to pay income tax on the income in the fund.

Under the proposal in the bill a number of things happen. The bill does propose a capital gains tax and, therefore, in our opinion, the gains in the plan should be treated as capital gains and should be subject to the capital gains rate of tax. That is our recommendation. It does lighten the load for them, and properly so. Why should they not get the same benefit as any other person who has a capital gain? The employee still contributes his money on the same basis, but he gets it out at the end of the road and there is no further tax on it.

The real kick comes in dealing with the employers' contributions. If this bill comes into force on January 1, 1972, we could be faced with some retroactivity of taxation. We have to be careful about this. Retroactivity of taxation could result because the employee might have been in the plan for some years, during which the gains of the plan and the amounts of the employer's contributions have built up. The aim or scheme of the bill is—and this is why I used the word "paternalistic" a while ago—that the employee under a deferred plan has two courses open to him. He can elect to go along under the bill and buy an annuity with the lump sum payment, in which event his tax liability would be substantially reduced, but also the lump sum withdrawn would be more or less dissipated and he would be getting a small annuity each year. If he does not choose to take that course, then in order to avoid retroactivity in taxation on what is in the fund up to January 1, 1972, the employee has the right to elect to apply the pre-1972 provisions under section 36 to average his rate of tax and get the benefit provided.

• (1430)

In calculating the amount of the benefit, you assume that on January 1, 1972 he has withdrawn from the plan, and you determine the amount of the withdrawal at that time. Therefore, to the extent of that amount he gets the benefit of the averaging provided under section 36. If he elects to take that averaging he is not entitled to apply the

other averaging provisions in the bill. One is general averaging to iron out years of high income and lower income, where there is method for averaging, and he cannot take advantage of that. In any event, on the calculations made by our staff and the people who appeared before us, the benefit of that general averaging in the case of an employee in a deferred profit-sharing plan would not be very much.

Alternatively, he can take what is called forward averaging provided for in the bill. Forward averaging means that you take your withdrawal moneys and apply them successively in the purchase of forward averaging annuities, and you roll along in that regard. Of course, what you get out of the annuity you buy is income, but most of the withdrawal that you were counting on so heavily is dissipated in these transactions, and whatever is left—there would be something left, because there is not tax of 100 per cent—is subject to ordinary rates of income tax. We felt there was a happier way to deal with this.

In our report we have not dealt completely with the forward averaging element. We intend to do a little more study on that. Our thinking is that, first, the employee should enjoy the right to elect so as to avoid retroactivity up to January 1, 1972; secondly, that he should also enjoy the right to make either of the elections in the present act for the period subsequent to 1972. In other words, if general averaging helps him he should be entitled to take that, and if forward averaging helps him in some circumstances he should be entitled to take that. This is the substance of the recommendations.

I began by saying that I was going to deal with people first, and I think this is dealing with people, and proposing methods by which they should be dealt. People who have the idea in their minds of providing for their own security after the prime of life has gone, and organizations actuated by the same kind of theory which promote the interests of employees—which is good employee-employer relations—should be encouraged. The road should not be made tougher for them, and the amount they expect to get should not be lessened. We say that anything that is a capital gain over the whole period should carry the capital gains rate of tax. On the rest of it we say the deferral should continue, and the election you make covering the period up to January 1, 1972 should continue but it should not be eroded, and the benefits, if any, of general averaging and forward averaging should also be available.

Under present law, an employee who is a beneficiary under an employees profit-sharing plan is taxed in the same manner as an employee who receives a profit-sharing bonus directly from his employer and invests the money received. In summary, the employee's position is as follows:

1. the employee is taxed annually on an amount which his employer contributes to the plan on his behalf in the same manner as he would have been if he had received a bonus of an equivalent amount directly;

2. the employee is not allowed a deduction in respect of any contributions which he himself may pay into the plan;

3. the employee's share of the income earned each year by the plan is taxed annually in his hands; and

4. amounts received by the employee out of the plan (whether on retirement or otherwise) are, in general, non-taxable since these amounts will normally have been taxed previously.

Under the proposed legislation, the same general rules will apply. However, with the taxation of capital gains, the employee will also be taxed annually on his proportionate share of one-half of the net capital gains realized by the trust in each year (excluding any portion accrued up to Valuation Day) as well as on his share of the income earned by the trust in the year.

In addition, provision is made in the proposed legislation with respect to the taxation of any unrealized gain on property distributed is specie to an employee on his withdrawal from the plan. Under these provisions, the employee is subject to tax in the year of his withdrawal on any accrued gain in respect of property received from the trust (excluding any portion accrued prior to January 1, 1972) but it would appear from the proposed legislation that such accrued gains will be treated as ordinary income rather than as capital gain.

Quite evidently, these accrued gains should at least receive capital gain treatment and this should be clearly stated in the proposed legislation. However, even this treatment is unsatisfactory inasmuch as it places a member employee at a severe disadvantage vis-à-vis an employee who invests after-tax earnings directly. In the opinion of your committee, property which is in substance the employee's property should not be considered as having been realized at fair market value on distribution to the employee. The deferral of gain would be consistent with the treatment to be accorded to a capital beneficiary of an ordinary trust.

Our recommendations on the point should be studied.

If I want to take the benefit of the other election that is provided in the bill, then there is no collision between them. We think it is good equity to do that. So we have made that recommendation.

The employee profit-sharing plan runs somewhat along the same lines. There are some differences, but in essence we have made the same recommendation in relation to capital gain.

We have said one more thing in relation to capital gains on both these types of plan. Sometimes the trustee of the fund will hold securities in the form of shares that are producing income. At a certain stage—certainly when an employee is withdrawing from the plan—the trustee will make an allocation of that employee's share of these securities. We have recommended that when shares or other securities are delivered by the trustee out of the plan, at the retirement of the employee, their value for purposes of capital gains taxation should be the cost to the trustee. Then we have said that the capital gains tax should not apply until these shares have been disposed of. The general rule in respect of capital gains is that tax is not attracted until there is realization on the security. We do not think the general rule should be eroded in a situation of this kind.

Honourable senators, there are many pages in this report and I am just highlighting some of the provisions. Further on we deal with the matter of gifts, bequests and

devises. The proposed legislation provides that all capital property, other than depreciable assets owned by a taxpayer at the date of his death, will be deemed to have been realized at its then fair market value, and any capital gain or loss shall be included in income for that taxation year. In the case of depreciable property there will be a deemed realization at a midway point between fair market value and undepreciated capital cost.

A similar rule is proposed in respect of gifts *inter vivos*—that is, gifts made during lifetime. There is an exception to the general rule where assets are transferred on death, or by way of *inter vivos* gifts to a spouse, or to certain trusts in favour of a spouse. In the latter circumstances, the transferee is considered to have acquired the property at an amount equal to the "cost amount" of the property to the transferor, so that is some benefit.

Here is what happens, particularly with gifts *inter vivos*—and even gifts on death—where the person is making a gift to a registered charitable organization. We had a couple of illustrations of this, and I will tell you briefly what they are. One example is of an individual who, in his will, leaves to a community camp council his summer property with the surrounding land. Let us say he makes the gift in 1972, his cost is $10,000, and he dies in 1980 at which time the property is worth $35,000. There is a gain of $25,000, and he will be deemed under the bill to have disposed of this property immediately before his death for $35,000, resulting in the realization of a capital gain of $25,000, one-half of which, or $12,500, will have to be included in computing his income for the year in which he died.

• (1440)

Just stop there for a minute and contemplate that. A man is moved to make a substantial gift to a registered charitable organization. You would think that would be the end of it. He is charitably inclined. But now, if this remains in the law, he will begin to realize that if the property appreciates in value that increased value by way of gain is going to be taxable on an income basis as a capital gain in his estate when he dies. He may easily understand what the liquidity of his estate is at the time he makes the gift, but who could possibly look ahead and understand what the liquidity would be when he dies. Remember, he does not get the gain. The property has gone to the charitable organization. Yet, under our estate tax succession duty laws, either by will or by gift, you can make gifts and not attract tax in your estate if the gifts are being made to charitable organizations.

I do not wish to impose on your patience, but let me give you one further example. Under his will an individual leaves to a charitable organization a fully rented factory building. This, of course, is depreciable property because you can write off capital cost allowances, et cetera, on a building. Let us say that the building had cost him $400,000 in 1972 and that at the date of his death in 1980 it had an undepreciated capital cost of $200,000 and a fair market value of $700,000. He will be deemed to have disposed of the property for $450,000 immediately before his death. This will result in the addition to his income of the whole of the $200,000 of recaptured depreciation, and that is capital cost allowances taken during his lifetime. In addition he will be treated as having realized a gain of $50,000, one-half of which, or $25,000, will also be required to be included in his income. Now, if this was not in a will but was an *inter vivos* gift, the situation might even be worse, because there it is provided that where a taxpayer has disposed of anything to any person by way of a gift *inter vivos* he is deemed to have disposed of it at its fair market value at that time.

You can see the implications of that. The application of this rule to capital property other than depreciable properties is similar to the first example I gave. In other words, you have a piling up of an obligation years after your charitable intention has manifested itself in a gift to a charitable organization of either capital property or depreciable assets. Now, you can translate that into many other applications such as a gift of pictures, which would have the same implications.

I suggest to you, and certainly the committee felt, that this is definitely a discouragement to giving, because if a man realized the risk and the obligations that he would be buying for himself by exercising his charitable urge, he would not exercise it. If he considered the obligations that would fall on his estate after his death, when he would not be there to manage the assets or to take care of the estate, and if he considered the implications this might have so far as concerns those who would be dependent on that estate, he might think twice before making a gift.

I am not saying that these things are put into the bill deliberately in order to gouge. I do not believe that at all. We see too much evidence of honest intent in the drafting of this proposed legislation. Certainly, many of the sections are complex, but we cannot point to anything that you could say was deliberately designed to gouge. In my opinion there was simply not enough thought given to, or follow-through in the thinking out of, the application of certain general principles in the bill.

There are certain other items that I should like to touch on. We recommend that there should be consolidated returns for corporations. This would mean that the company in making an income tax return could consolidate the operations of all its companies in the chain instead of each one, for tax purposes, having to make its own accounting. This provision used to be in the income tax law some years ago but then it was taken out. If consolidated returns were reintroduced into the tax law, the tax revenues would suffer only insignificantly and the consolidated returns would greatly facilitate the operations of companies.

We were told the story the other day in committee about the man who received some legal advice when he was setting up a series of hotdog stands. Wherever he got his advice—and I hope it was not from a lawyer—he decided to have a separate company for each hotdog stand. In the end he had 140 companies, some of which made money and some of which lost money. He found in the overall picture that his tax liability amounted to about 400 per cent. The point I am making is that if he had been able to use consolidation he could have saved some headaches because he could have consolidated all these companies and could have netted out the gains and the losses. I only cite this story as a loose illustration; nevertheless, you see the point.

Bill C-259 does not deal with the question of consolidated returns. However, in our Senate report we recommend that the consolidated gains principle be incorporated. The House of Commons, in its report, did the same thing. The Carter Report did the same thing as well. The Canadian Bar Association recommended the same course of action when it appeared before us. So did the Canadian Institute of Chartered Accountants. Thus, in making this recommendation to you, our committee is moving along in pretty good company, where there is a great collection of understanding of business operations and where you are likely to get reasonable and sound advice. That is all I will say on that.

Another item I should like to mention is the designated surplus. Perhaps this is a lawyer's problem, but years ago there was a scheme of tax avoidance by which people used to be able to buy shares of a company and get control of the company. They always picked a company that had a lot of money in the till. Having done that, they could get that money out of the company to pay the purchase price of the shares they had bought. It was a wonderful sort of operation until this scheme of designated surplus was introduced. All the scheme said was that in a sale where control changes, the surplus at that moment is locked in. If it is paid out, it is subject to tax. Since that time the Government introduced another provision. I refer to the famous section 138A in our Income Tax Act, which gives the minister and Treasury Board the widest possible powers in their discretion to determine that the main thrust of a particular action is to strip moneys and dividends out of the company. The point here is that section 138A is much broader than the provision on designated surpluses, so we do not think it is necessary to have both provisions in the bill. Section 138A, being broader, can stop anything of the kind I have just mentioned. Therefore, we suggest removing the designated surplus provision because it is superfluous. Its removal will reduce the large number of complex sections and transitional provisions, and reduce the number of pages that we have to read, and it will do so without losing anything material in the way of revenue to the Crown. In other words, we recommend that they should tidy it up.

I should like to mention credit unions and caisses populaires. Their representatives appeared before us, and in respect of them we make a recommendation in relation to one of the things they wanted. Most of them are reasonably small operations and they wanted to be able to qualify under the small business provisions in the new bill. One of these provisions is that when your accumulated income from year to year reaches $400,000, you stop getting the benefit of the lower rate of tax. They wanted to be able to move in and be a small business where they could satisfy the conditions except for this problem, that the provincial laws require credit unions and caisses populaires to take a percentage of their earnings—and they have to pay tax on it—and put it into a reserve. Once it goes into that reserve, the company itself cannot get at it again. It is simply there to take care of the depositors and to protect them. Then, if there should be a liquidation, it must be distributed to certain named charities, and, as I say, it never gets back into the financial stream of the company. But these organizations have also in many instances adopted the policy of having a supplementary and voluntary reserve. They pay tax on the movement of funds from earnings into the voluntary reserve. They felt they should not have to add in these reserves for the purpose of arriving at an accumulation going over $400,000 when they would no longer be able to get the benefit of the lower tax rate provision covering small businesses.

• (1450)

We thought this was reasonable, but we put a limit on it since we did not want them running wild on the movement of funds from earnings to voluntary reserves. As I say, we considered this to be reasonable and we recommend accordingly.

Coming now to the departure tax, here again we are dealing with people and by "departure tax" I mean where somebody is leaving Canada for good. Where a person is emigrating, there is a provision under which he has to give an accounting to the tax collector and also in relation to any non-resident assets which he may have. He is then deemed to have made a realization at the moment of departure and, to the extent that he realizes more than his costs, he has a capital gains subject to tax.

Under the bill there are two courses open to him. He may pay the tax or he may ask for a deferral, and if the minister agrees he may give him a deferral on the basis of his providing an amount of security which the minister estimates is sufficient for the purpose. But other ramifications follow from this by way of deeming that this man, even though he is emigrating, continues to be a resident of Canada for purposes of income tax. In subsequent years and even when he realizes on these assets on which he is charged the capital gains tax, he is deemed to be a resident of Canada and his whole world income is subject to income tax.

Now, this could not be classified as anything other than an oversight, I am sure. We set out to correct that. We said that deeming him to be a resident should only be in relation to capital gains tax on his non-Canadian income. You can see the situation where a man has established a residence in another country and he would be subject to income tax in that country; there would be a classic element of double taxation if something were not done. We felt that in the discretion of the minister a couple of other things should be done to ease the route for leaving Canada. We deal with this in our report where we recommend:

1. That provision should be made to enable the Minister of National Revenue to grant relief if, in his opinion, hardship will result and the departure is occasioned

a) by reason of illness;

b) by reason of the transfer of an employee at the direction of the employer; or

c) by any other reason which the Minister considers deserving of relief.

We thought those were humane elements in the problem, and instead of making the rule of law absolute we considered a discretion would be appropriate in the administration of this law. If a deserving case were met with, it could be dealt with accordingly.

May I now move to something which is very important and which has been the subject matter of a great deal of

discussion. I think our report deals with it comprehensively so I am just going to touch on it now. I am referring to what are called multinational corporations. We have many multinational corporations in Canada, and I suggest that we take two as an example, Massey-Ferguson and Alcan. Massey-Ferguson operates in Canada and employs between 4,000 and 5,000 people. It exports 80 per cent of its products to markets outside of Canada, and in many of those markets it has its own foreign affiliates from which income comes back to it. Now the amount of employment Massey-Ferguson is able to give in Canada is determined by the amount of its export sales and by the flow of money back from these foreign affiliates.

Alcan, from the evidence we have had before us, employs directly about 18,700 people and it exports 85 per cent of its production which is related to the employment the company provides. Here you have to be very careful that you do not expose the company to more onerous conditions abroad in marketing its product than those under which its competitors operate. If we were going to look for any support for that statement, I could call as my first witness the White Paper itself, the Minister of Finance and the Government. Dealing with this subject the White Paper on page 72, paragraph 6.9 says:

> 6.9 On the other hand, Canadian business is often required to go abroad to seek foreign sources of supply and to develop foreign markets. Going international is frequently necessary to enable Canadian companies to achieve the economies of scale which are otherwise denied them by the relatively small size of the Canadian domestic market. Such companies would find it hard to compete on the international scene if they were subject to more onerous taxes than those which apply to their competitors.

Then again on page 73, it says:

> 6.16 Where it applies, the exemption system would permit Canadian corporations to compete abroad without being at a fiscal disadvantage vis-à-vis their competitors, including the competing subsidiaries of European corporations.

Let me tell you very briefly what happened. If dividends come from a foreign affiliate to Massey-Ferguson or Alcan and the business from which they come is an active business, under the present law—and these companies hold at least 25 per cent of the voting shares of such company—those dividends when they come back are exempt. The bill proposes a change in 1977, which is this: If Canada has been able to negotiate a tax treaty with the countries in which these companies are operating, then they will continue to enjoy that receipt of exempt income, but if Canada has not been able to negotiate a tax treaty, then they will not enjoy exemption from tax because such income is not from exempt dividends and when it comes home it is subject to deductions and they will get a credit for the amount of tax they have paid in this other country. But if that amount is lower than the Canadian rate, they pay the difference between them as a Canadian tax.

• (1500)

Many of these countries have tax incentives. They may have a low tax rate. In some countries they may have a 20 per cent tax rate. They tell you to go ahead with certain developments and the tax rate will be 10 per cent. They give you encouragement to carry on with projects. These incentives are not recognized as deductions, but they reduce the amount of money that comes back into the Canadian multinational company.

Our recommendation is based on the fact that these multinational companies are not in a position to negotiate tax treaties. If the Government is going to take on that responsibility it should do it on its own and should not penalize the multinational Canadian company by depriving it of exempt income because it has been unable to negotiate a tax treaty. They are independent of each other, and we recommend that this is the way it should be.

Another area is that of diverted income. We do not recommend in our report that relief be given to a person engaged in the business of diverting income, which in the ordinary business sense would be Canadian income, to a tax haven country merely to avoid the incidence of tax. We indicated in the White Paper that there was ample provision in the present law to cover this situation. However, quite apart from that, we feel there should be a clear definition of what they call the foreign accrual property income, FAPI. These refer to investments, royalties, rents, interest, and so on. We feel that this penalty should apply only in cases of diverted income in Canada because there is inherent an element of tax avoidance. We agree that cases of diverted income should be penalized.

In dealing with royalty income, if a multinational company in Canada had patents and set up a company in Europe and transferred the patents to that country and received income in that country—which country might have a lower rate of tax or be tax free—that income would qualify as diverted income. But as it happens in many cases, some of the foreign affiliate companies operating in Europe develop patents, and we feel that the income of that foreign affiliate company should not be made the income of the Canadian company in such circumstances. The bill provides for the taxation of the Canadian company whether the money is repatriated or not. It does not matter whether the foreign affiliate pays the money back to Canada, the Canadian holding company must include it when accounting to Canada. We feel this is not a business-like proposal and is not necessary. The income tax authorities are very active in this field. In some instances the authorities assess on the basis of an agency operation only, and in such case the Canadian company is held to earn the income and is taxed on that income.

This is a lengthy subject and a very important one to Canada because several of these holding companies depend on the setup which exists here whereby they can avoid the incidence of tax where there is no treaty. They can avoid this by simply converting the Canadian company into a subsidiary company outside Canada. Then the application of this rule disappears. In making our report we felt that we should approach this in a reasonable unbiased way, not merely looking at the question of tax avoidance and diverted income with the thought in mind of using the largest stick in the world to knock them down. You do not have to use the largest stick at all. What is the source of the income? Is it from an active business? Is it from normal steps taken in a bona fide business? If so, these things should be excluded from FAPI. It would exclude royalties which have been previously described,

certain rents, interests and things of that nature. This would accomplish our purpose and it would not take a nickel away from Canada. We are adopting a policy which is exactly opposite to the policy which other countries are adopting.

Under this bill we are not enjoying a tax advantage that other countries enjoy. In the United States, under proposals developed a year or so ago, 25 per cent of all payments received from export operations in the base period 1968 to 1970 were to be subject to tax abatement until paid out in the form of dividends. From 1970 forward, and as long as the law remains, 100 per cent of that income is subject to tax abatement until the dividends are paid out. Other countries have incentives. Canadian multinational companies could not continue to operate successfully in Canada unless they could maintain an export market outside Canada. You are tying one if not both hands behind their back by placing them at a monetary disadvantage to their competitors. All witnesses appearing before us supported this 100 per cent. Canadian companies must be placed in a position where they are not at a disadvantage vis-à-vis their competitors in the same field. This is the burden of our report.

I am taking more time than I had intended, but I would like to refer to one or two other matters. Some of these fall into place and you can read them for yourselves. We have a lengthy section on mining and petroleum. We feel there is a conflict between the proposed regulations dealing with earned depletion and accelerated depreciation as against the minister's letter dated August 1970 in which he indicated he was going to enlarge the benefit in the area of earned depletion. This would expand the areas qualifying for earned depletion. The mining industry have had automatic depletion. During a year of operations they could deduct 33-1/3 per cent of the amount of money spent from their earnings. This was called automatic depletion. Now the concept is earned depletion. Certain expenditures will qualify for earned depletion, which means that for $3 of expenditure in that category $1 of earned depletion is allowed. This means that $1 can be deducted from what might otherwise be taxable income. In addition, accelerated depreciation is provided for machinery and equipment, allowing the write-off of the full amount during the year. There are capital cost allowances as well.

• (1510)

The representatives of a very large Canadian company appeared before the committee to explain their problem. They told us that the announcement made by the minister in August, 1970 was in order to encourage more exploration and development, which certainly was lagging. A substantial amount of this development was proposed to take place in the Province of Quebec, but was not proceeding. These additional advantages were such that the developers proceeded.

In report we state:

> One witness stated that his company had incurred expenditures of $120 million in expanding its production facilities—

That was in Gaspé, in the Province of Quebec.

> —$30 million of which were spent on major smelter and refinery expansions.

[Hon. Mr. Hayden.]

They now discover that unless there are certain revisions or a broadening of the earned depletion clauses they will not be able to earn depletion on the $30 million expenditure. They considered the original language to be general in its terms. The proposed regulations announced by the minister are narrow, containing qualifications and conditions such that they could not qualify this expenditure of $30 million although on the general interpretation of the original statement such an expenditure would qualify.

They thought they did qualify, made a public announcement in the newspapers as to their intentions, went ahead and spent their money, and now have problems. In my opinion, it helps in such difficulties if attention is focused on the point.

We have made certain recommendations of changes that should be made in the definition of earned income and the qualifications for earned depletion and accelerated depreciation. I will not burden you with all the details, but this particular item is well developed by our staff, and is really worthy of full consideration.

I have avoided going into detail, because this is just a general discussion of headings. I should tell you that we have proposed certain changes in the administration and enforcement provisions, which are legal in nature. Improvement of the position of those who come into conflict with the law under the provisions of the income tax law is recommended. While the bill to a certain extent gives them the right to be represented by counsel at an inquiry, it is not clear that the counsel has any status, other than to be there. It is not clear that he can even examine his own witness or other witnesses at the same inquiry. We consider that to be a very important item. It was directed to our attention by various briefs, including that of the Canadian Bar Association. We have recommended certain amendments to make it clear that when a person is under investigation by an inquiry, which is usually conducted by a departmental officer, he should be entitled to be there himself, and to have his lawyer attend with the status of any lawyer in a court of law to question on matters relating to the law and otherwise. We consider that to be only fair and reasonable justice, and we recommend it.

An administrative procedure has existed in the Department of National Revenue with respect to the construction industry allowing tax returns to be filed with respect to contracts running beyond a year or two, and to be filed on the completion of the contract. Although administratively this has been the practice for years, the bill ends it. We consider the practice to be good. The representatives of the construction industry who appeared before the committee recommended it, and we suggest that it should not be abandoned.

I think that perhaps I have covered the major portions. I have not dealt with what are termed rollovers. That may sound like an odd expression, and each one in his own mind may give it a different meaning. However, while the disposition of an asset might attract tax immediately, rollover means a deferral to a later date. For instance, when a man dies and leaves property to his wife any incidence of tax or capital gain that might arise is allowed a rollover so that the tax does not apply at that time. The

tax would be payable if the wife in her lifetime disposed of the asset, or when the wife died. We feel that to the extent that the bill provides for such situations it is good. But, there are many more equally valid occasions and cases where the rollover should apply. We have listed them and recommended that they be carefully considered for incorporation into the list of allowable rollovers.

This has not been exhaustive of our report, nor exhaustive of the subject matter of the bill. It may be approaching the stage of being exhaustive to you who have been so kind as to listen. I have attempted to summarize it.

Before I conclude I wish to pay tribute to the members of the committee and our staff. To produce this report in order to comply with requests to forward our amendments and proposals as quickly as possible to the other place, last night and the night before five of the staff of the committee worked until 3 o'clock in the morning and were back on the job three hours later at 6 o'clock. They would report to me or the Honourable Lazarus Phillips, who is chief counsel to the committee and whose retainer is $1 per year. Preferences were made to us requesting our opinions regarding the draft of various portions of the report. So, we had intermittent disturbances during the period of their work, which were not subject to any limitation as to time. That is the only manner in which a report can be written.

• (1520)

We did it. We are satisfied that technically we have covered the ground. In the matter of interpretation, we are satisfied that we have not distorted the scope and effect of the provisions in the bill. We are also satisfied that, with the assistance of our staff and from the presentations received from those who appeared before us, we have made a reasonable interpretation. We have submitted recommendations to cover those things which have been left out of the bill, or situations not contemplated in the bill which could lead to great difficulty and many penalties. We have given our reasons for the recommendation in each case so that there might be no confusion, and so that nobody might be able to say, "I do not understand what you mean by that." We have written the report in simple language.

The committee met last night and approved the report. Every member of the committee has given of his time willingly. Our hearings have commenced at 9.30 in the morning and at times have continued until 5 o'clock in the afternoon or later. No one has begrudged the time, and, as chairman of the committee, I have enjoyed the hearings very much.

I commend the report to the house. I do not think its subject matter should attract debate at this time. Debate will no doubt ensue on the second reading of the bill.

Hon. Hartland de M. Molson: With leave of the Senate, I should like to add a few short remarks to those of the chairman of our committee who has explained the highlights of the committee's preliminary report.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Hon. Mr. Molson: Senator Hayden failed to touch on one subject, namely, the contribution which he himself has made to the very exacting task of the committee, which is revealed in the interim report.

Hon. Senators: Hear, hear.

Hon. Mr. Molson: There is no need for me to say that the subject is complex, or that the report itself is complex. The explanation of the chairman should convince honourable senators better than any words of mine that the subject is an extremely difficult one. It is vitally important, and one in which the Senate has a valuable role to play.

The interim report is similar to that on the White Paper which was also presented by the committee of which Senator Hayden is chairman. Having attended nearly all of the recent hearings, I have been impressed by the fact that what was said in the committee's report on the White Paper remains valid today. However, I would have wished that the recommendations contained in that earlier report had carried a little more weight in formulation of the legislation now before us.

As time goes on, the Senate report on the White Paper will prove to have been an excellent one, and this interim report of the committee will also prove invaluable. Its recommendations are needed at this time. As honourable senators will note from reading the report, it is not in any sense critical, and the recommendations contained therein should be of great benefit to innumerable Canadian taxpayers.

Senator Hayden mentioned the valuable assistance given by the staff. He has, as always, selected an excellent staff. Again he has Mr. Alan Irwin, a lawyer; he has, as confrere, Mr. Douglas Ewen; and he has Mr. C. Albert Poissant, C.A., an outstanding tax expert. In addition, the committee is extraordinarily fortunate in having our former colleague, the Honourable Lazarus Phillips, as chief counsel.

I can only say that under the guidance of our chairman, and with the extremely hard work of a devoted staff, the success of the committee is assured. When the report is read by the public, it will be seen that the committee is doing a first-rate task job in tackling the vital problem of reforming the Income Tax Act.

Hon. Lionel Choquette: Honourable senators, in the absence of the Leader of the Opposition, I wish to say that we on this side of the house do not wish to debate the preliminary report. I wish to add my compliments to those already given to the committee that prepared this gigantic work. It has been done expertly, as always, under the chairmanship of Senator Hayden. I have nothing but congratulations and praise for the work done.

BUSINESS OF THE SENATE

On the Notice of Motion for Adjournment:

Hon. Donald Smith: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, November 9, 1971, at 8 o'clock in the evening.

I beg leave to bring to the attention of honourable senators the fact that the Standing Senate Committee on Banking, Trade and Commerce has planned meetings for next Wednesday morning and afternoon. There is every likelihood that the Special Joint Committee on the Constitution of Canada will be sitting next week, and preparations are presently under way for the inquiry into the parole system which is to be carried out by the Standing Senate Committee on Legal and Constitutional Affairs. There will be, therefore, something of interest for most honourable senators next week.

Hon. Mr. Choquette: Is it a subcommittee that will study the parole system, or is it the whole committee?

Hon. Mr. Smith: Some planning has already been done, and consideration is now being given as to what direction the committee should follow. However, nothing formally has been decided upon, or can be decided upon, until the committee meets.

Motion agreed to.

• (1530)

PARLIAMENT HILL

SECURITY—QUESTION OF PRIVILEGE

Hon. Donald Cameron: Honourable senators, I rise on a question of privilege in connection with a matter of security. I direct my inquiry to the Leader of the Government and possibly to His Honour the Speaker.

Security measures have been very much in evidence over the last few weeks around Parliament Hill. The specific incident I have in mind occurred yesterday afternoon. I drove up and parked my car just before the Senate was being called into session. I was walking from my car to the Senate entrance when I was stopped at a barricade by an RCMP officer. He told me that I could not go past the barricade without producing an ID card. I informed him that I had been coming into the building for 16 years and I had never been supplied with an ID card nor had I ever been asked for one. Without inquiring where I wanted to go, he simply repeated that I could not pass without producing an ID card. I told him that I was a member of the Senate and that I was on my way to attend a sitting of the Senate.

I should make it perfectly clear that he never asked me for identification; he asked me for an ID card. To me an ID card has on it a photograph or likeness of yourself, and you wear it on your lapel or carry it in your pocket.

I told the officer that I had every intention of going into the Senate. Again he insisted that I could not pass without producing an ID card. At that time a well-known broadcaster came along and, upon hearing the discussion, told the officer that I was indeed Senator Cameron, but the officer again said that I could not pass without an ID card. Two more officers came along and said the same thing. This was all within fifty feet of the Senate door. I then asked the RCMP officers if any other type of identification would do, and I showed them my Senate railway pass. This proved to be acceptable.

The point I wish to make is that this is the first time this has happened to me in sixteen years, and it has happened to a number of other senators in the last few days. I am just wondering whether some advance notice could be given on occasions like this when it is necessary for senators to produce ID cards or other identification. I do know of cases where some senators did not have any identification on them whatsoever.

I feel an announcement from yourself, Mr. Speaker, or from the Leader of the Government, would obviate an embarrassing situation.

This all relates to something that is happening much too often. We are increasing the importation to our land of quarrels involving foreign countries, and it is changing our way of life. It does not apply only here. You may have noticed in the press the other day that the Queen had 4,000 policemen and soldiers guarding her on her way to the opening of Parliament at Westminster. This has never happened before.

It is important that we give some attention to this kind of thing, and perhaps we can check the drift into what I feel is an unfortunate situation.

Honourable senators, thank you for giving me the privilege of bringing this matter to your attention.

The Hon. the Speaker: I understand that the question of privilege was directed to the Leader of the Government, but since it was also indirectly addressed to me I will make a reply.

Honourable senators, I understand that the RCMP have complete authority on the grounds of Parliament Hill; that is, outside the Parliament Buildings. Having said that, there is no doubt that there should be co-ordination as regards special occasions; we should be told in advance of any security measures as a result of which honourable senators might have to identify themselves. Then we would be in a position to discuss the matter in this chamber.

Up to this time I have not been informed of any particular agenda or of any impending visit, but I am just wondering if indeed we might not have a visitor in the gallery sometime today. I do not know.

This matter of security has to be dealt with. If honourable senators are to be affected by any security measures on Parliament Hill, we should be informed in advance. Once we have been informed, there may be some initiative that we should take. The least we can expect is that honourable senators be informed. I will take up this question of privilege with the RCMP and I will report back on it as soon as possible.

Hon. Paul Martin: Honourable senators, I would just like to say that where the rights of members of Parliament are involved, so too are the rights of Parliament itself.

The statement just made by His Honour the Speaker will be quite helpful, and I too will look into the matter.

NATIONAL HEALTH

THERAPEUTIC ABORTIONS IN CANADA—DEBATE CONCLUDED

The Senate resumed from Tuesday, November 2, the adjourned debate on the inquiry of Hon. Mr. Sullivan calling the attention of the Senate to the number of thera-

peutic abortions performed in Canada in the first six months of 1971.

Hon. A. E. Haddon Heath: Honourable senators, I feel I am speaking on a subject for which we all have a certain distaste. It was clear from the presentation by the honourable Senator Sullivan that the number of therapeutic abortions in Canada today have risen to the extent that, if the projected figures to the end of this year are correct, they will have more than doubled over last year.

I was interested in the eloquent point of view of some nurses as put forward by the honourable Senator Quart. It is a view that, if we are going to be wise in our legislating offices, we must take into account. I was also impressed with the clear exposition given by the honourable Senator Prowse of the opposite point of view; that is, the point of view of people who consider "freedom", and I put this in quotation marks, in the matter of abortion laws.

I feel that the statistics are merely a symptom of sickness in our society today and we must face this. You cannot face things by running away. We are going through a difficult time right now with respect to our overall development and we can only hope that it will be a brief period.

• (1540)

Perhaps the main difficulty is in the misinterpretation of the word "freedom". I think that when we learn that freedom and responsibility have to go together hand in hand, that freedom and responsibility are inseparable, we will then have very little need for laws at all, including abortion laws. However, we unfortunately have not reached that period in our development. Because of this striving, shall we say, to improve our social situation, I think our abortion law as it stands today is the right one for our country and for this period in our development.

I would remind honourable senators that in the law as it presently stands there are four points we should keep in mind:

1. Abortion must be performed by a qualified medical practitioner in an accredited or approved hospital.

2. The practitioner must first receive a certificate in writing from the therapeutic abortion committee of that hospital, stating that the continuation of the patient's pregnancy would or would be likely to endanger her life or health.

3. The therapeutic abortion committee must consist of not less than three members, each of whom must be a qualified medical practitioner.

4. The practitioner performing the operation cannot sit on the committee.

This legislation provides safeguards, as can be seen, but we must remember that in Canada abortion is illegal unless those four conditions are met.

What is perhaps very valuable about the current law is that it leaves it up to each community how the legislation will be applied. The wishes of all regions in the country are not the same. A community may conceive of its need in a direction quite different from that of another nearby community in the same province, but they have what might be called a local option on how this law will be applied.

Most hospitals are tax-supported institutions these days, and a tax-supported hospital is usually administered by a board of directors elected by the taxpayers of the community. In this way the taxpayers' view will be represented in the administration of this law in the hospital. The doctors who sit on therapeutic abortion committees of the hospitals will probably reflect the feelings and wishes of the people in the community. If those wishes are not being reflected by the current practice, what is to prevent these people at the next annual meeting electing a different board of directors from among their own members, their own taxpayers? Perhaps all of us have at different times seen meetings packed when we wanted a change, whether it was a private company meeting or a political meeting or whatever. If a community feels strongly enough they can do something for themselves at the local level, which is surely where it should be done in our country, in our Canadian way of doing things.

Senator Sullivan mentioned that the State of California initially brought in very sweeping abortion laws. They were followed by some extremely sweeping laws in other states. It should be remembered, I think, that probably California did this to reflect the views of the people of California. The practice of medicine in that state was becoming intolerable. A doctor who had to perform a therapeutic abortion, which is necessary in some cases, left himself open to the most serious damage suits, in which incredible sums could be awarded. A doctor would have to be insured to the extent that an airline insures against a major air disaster.

In Canada our laws are not so sweeping; they have breadth, and a doctor can exercise his professional discretion, if you like, when in his opinion a patient should have this operation. He can do so knowing that he has the full protection of the law. Our medical practitioners must have confidence that what they are doing within their profession will be protected by the law, and that is what this legislation provides them with. We should keep that in mind, and in this respect regard it as a sensible law.

The only other point I would like to make, which really sums it up, is this. Let us not be pressured and stampeded by different groups who are dissatisfied with the legislation as it now stands. Let us give the legislation a fair chance and see how it works out. I am sure that Canadians, being a responsible group of people, responsible as individuals, will show this responsibility and their good sense if we let this law have time to see how it serves the public. If we wait for a few more years of statistics, I hope Senator Sullivan will be able to come back and show a substantial proportionate decrease. If not, that will be the time to re-examine our law.

The Senate adjourned until Tuesday, November 9, 1971 at 8 p.m.

APPENDIX

(See p. 1437)

Standing Senate Committee on Banking, Trade and Commerce

Preliminary Report on the Summary of 1971 Tax Reform Legislation

The Honourable Salter A. Hayden, Q.C., Chairman

23351—92

MEMBERSHIP OF THE COMMITTEE

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Salter A. Hayden, *Chairman,* and

The Honourable Senators:

Aird	Grosart
Beaubien	Haig
Benidickson	Hays
Blois	Isnor
Burchill	Lang
Carter	Macnaughton
Choquette	Molson
Connolly (*Ottawa West*)	Smith
Cook	Sullivan
Croll	Walker
Desruisseaux	Welch
Everett	White
Gelinas	Willis
Giguere	

Ex officio members: Flynn and Martin

(Quorum 7)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, September 14, 1971:

"With leave of the Senate,

The Honourable Senator Hayden moved, seconded by the Honourable Senator Denis, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Robert Fortier,

Clerk of the Senate.

23351—92½

INTRODUCTION

On September 14, 1971 there was tabled in the House a document entitled "Summary of 1971 Tax Reform Legislation" and on the same date, by resolution of the Senate, consideration of same was referred to the Standing Senate Committee on Banking, Trade and Commerce.

For the purposes of brevity and identification, the "Summary of 1971 Tax Reform Legislation" will be referred to in this report as the "proposed legislation" and the Standing Senate Committee on Banking, Trade and Commerce will be referred to as "your Committee" or "the Committee".

The Committee would like to take the opportunity at this time to commend the Government in respect of many of its proposals pertaining to individuals, in particular for the reduction in taxes, the increased personal exemptions for both single and married taxpayers and for taxpayers aged 65 and over, the allowance of a deduction for child care expenses, the deduction for moving expenses occasioned by a job change and the increased deductions for pensions and charitable contributions. Your Committee also notes with approval the allowance of a deduction by corporations of interest paid on money borrowed to acquire shares of other corporations. The Committee would further commend the Government for modifying many of the proposals put forward in the White Paper "Proposals for Tax Reform" in response to the many representations made in respect of same.

Pursuant to the order of reference dated September 14, 1971, your Committee has heard a number of representations and has received a number of written submissions on the proposed legislation. Having studied the various representations which have been heard or received up to and including the 27th day of October 1971, your Committee has concluded that it is desirable to submit to the Minister of Finance, as expeditiously as possible, a number of recommendations in respect of the proposed legislation which is presently being considered by Committee of the Whole in the other House. It is the hope that, upon the receipt by the Minister of Finance of these recommendations, the same will be accepted by him as being pertinent and relevant, and to the extent so regarded, that appropriate amendments will be submitted by him to the other House while the said proposed legislation is being considered in the Committee stage.

Having regard to the urgency of the matter and the problem of time, your Committee is submitting for your approval at this time a limited number of recommendations but it is hoped that the Committee will still be in the position to make further recommendations before the proposed legislation reaches this House. Alternatively, the Committee will submit these further recommendations when the said proposed legislation reaches this House after having passed the other House.

The proposed recommendations are hereinafter submitted in seriatim form.

IMPACT ON THE CONTINUING VIABILITY OF CANADIAN MULTINATIONAL CORPORATIONS—THEIR DOMESTIC AND FOREIGN OPERATIONS THROUGH FOREIGN AFFILIATES, THEIR NEED FOR SUCH FOREIGN OUTLETS TO MAINTAIN HIGHER LEVELS OF EMPLOYMENT IN CANADA, THEIR CAPITAL NEEDS IN CANADA AND ABROAD AND THEIR COMPETITIVE POSITION IN WORLD MARKETS

Your Committee is deeply concerned with the possible effect of the proposed legislation on the competitive position of Canada's international corporations in world markets. To the extent that Canada's world trading position is adversely affected, it follows that our economic growth as a whole must likewise suffer.

A. Passive Income

One of the areas which gives rise to this concern is that relating to the treatment of income earned abroad by Canadian residents and their foreign affiliates. The principal purpose of these provisions is to prevent Canadian residents from avoiding or unduly deferring Canadian income tax on passive income such as dividends, interest, rents, royalties and certain types of capital gains by diverting such income to a non-resident corporation or trust and allowing the non-resident corporation or trust to accumulate such income abroad instead of repatriating it to Canada.

To prevent any possible abuse in this regard, it is proposed that Canadian residents (both corporate and individual) will be obliged to include in income their "participating percentage" of any diverted income earned by a non-resident corporation or trust which is "affiliated" (as defined) with the Canadian taxpayer. This income must be taken into account each year by the Canadian resident whether or not received in the year from the foreign affiliate.

Most certainly, the objective of attempting to thwart tax avoidance is a valid one. However, the anti-avoidance rules relating to diverted income are extended in such an indiscriminate manner as to encompass not only diverted income but also all passive income of foreign affiliates even though the affiliates are established for bona fide business purposes and are not established or used for the purpose of diverting passive income abroad in order to avoid or unduly defer Canadian income tax.

This is particularly unfortunate in the light of the fact that the proposed legislation does not define what income is to be excluded from the diverted income rules as being "active business income". Because of this, there is a serious danger that income such as interest received by a foreign affiliate on short term deposits or on trade receivables and royalties received by such an affiliate in respect of patents or know-how developed by it abroad in the course of its active business operations (to name but a few) may be taxed currently in the hands of the Canadian shareholder as diverted income even though such income is in fact directly attributable to the foreign affiliate's active business. Such income is not diverted income.

Further, it has been noted that international corporations are not infrequently obliged by the laws of a foreign country to carry on their business operations in that country through a foreign affiliate which is controlled by residents of that country. In circumstances such as these, the fact that the foreign affiliate earns passive income is often a matter which is beyond the control of the Canadian international corporation and is therefore not motivated by tax avoidance considerations. Nevertheless, in the absence of adequate de minimis relieving provisions in the proposed legislation, the Canadian international corporation will be subject to Canadian income tax on its "participating percentage" of such passive income.

This indiscriminate extension of the diverted income rules to include all passive income of foreign affiliates is further aggravated by the following:

1. Because of the manner in which the term "participating percentage" is defined, the amount taxable in a Canadian shareholder's hands under the passive income rules may, in some instances, be greater than the portion of the foreign affiliate's passive income that actually accrues to his benefit; this could occur where the foreign affiliate is not wholly-owned by one Canadian taxpayer and there is more than one class of shares of capital stock outstanding (treating certain income debentures as capital stock for this purpose).

2. No provision has been made in the proposed legislation to allow a taxpayer to apply losses sustained in one year in respect of a passive income source against passive income "earned" in other years under a loss carry-over provision.

Even if the assimilation of passive income with diverted income could be justified, the above-described defects should be rectified.

B. Dividends received from foreign affiliates

Your Committee is also concerned with one other matter that is inherent in the proposals relating to international income. It is intended that the treatment to be accorded to dividends received from foreign affiliates will differ according to whether the foreign affiliate is, or is not, located in a country with which Canada has a tax treaty.

Your Committee has difficulty in appreciating the reason for this difference in treatment. Until such treaties are negotiated, uncertainty will prevail. This can only have an unsettling effect on our trading and business operations abroad. Quite apart from this, it offends your Committee that business decisions should be influenced by the government's success, or lack of success, in negotiating tax treaties. Our international trading position should not be either jeopardized or used as a means of bargaining between governments.

In this connection, while the Committee is aware of the Government's intention to provide tax-sparing relief with respect to operations established in developing countries pursuant to commitments entered into prior to 1976, nevertheless, we cannot agree with the taxing of dividends from affiliates operating in non-treaty countries. Many of these countries are developing nations which offer tax incentives to foreign corporations. Canada should not tax away these incentives and reduce their value to Canadian corporations.

C. Other considerations

As a result of the foregoing proposals, the after-tax return to Canadian international corporations from foreign business operations will be reduced and their competitive standing in world markets will be prejudiced. If this occurs, the effect may be to discourage foreign business operations and, having regard to Canada's dependency on world trade, the curtailment of these operations can only have an adverse effect on our own economic growth. Further, any such restriction on foreign business will reduce the support for marketing and research facilities in Canada, which again will worsen our competitive position abroad. Needless to say, the demand for technical skills and other employment opportunities will be reduced, compounding our present unemployment position.

In voicing its concern about the impact of these proposals on employment opportunities in Canada, your Committee is not unmindful of the fact that two of Canada's largest international corporations who appeared before the Committee and who stated that they would be adversely affected by those proposals are understood to employ approximately 25,000 Canadians. As is well known, any loss of employment in a particular sector of the economy such as this has a ripple effect on the economy as a whole and must inevitably lead to further unemployment. Copies of the briefs submitted to your Committee by the two above-mentioned corporations were forwarded to the Department of Finance at its request.

It is imperative that we, as a nation, do not lose sight of the fact that Canada is one of the major trading countries of the world and that the encouragement of Canada's international corporations in their efforts to expand world markets is of the greatest national importance and the highest priority. Any measures such as those contained in the proposed legislation which inhibit these efforts are to be deplored, particularly in view of the fact that these proposals run counter to the patterns being set by other developed nations. For example, the effect of the proposals recently put forward by the United States government with respect to domestic international sales organizations (commonly referred to as the DISC proposals) would be to defer payment of U.S. income tax until dividends are distributed.

Indeed, the Government in its original approach to the taxation of foreign source income, as outlined in its White Paper "Proposals for Tax Reform" (1969), conceded that Canadian international corporations should not be placed at a competitive tax disadvantage. At page 72 (paragraph 6.9) of the White Paper it is stated:

"On the other hand, Canadian business is often required to go abroad to seek foreign sources of supply and to develop foreign markets. Going international is frequently necessary to enable Canadian companies to achieve the economies of scale which are otherwise denied to them by the relatively small size of the Canadian domestic market. Such companies would find it hard to compete on the international scene if they were sub-

ject to more onerous taxes than those which apply to their competitors."

In addition to all of the foregoing, recent comments of the Minister of Finance indicate that the Government is also aware of difficulties that may be encountered when he stated as follows:

"We have already received a number of representations relating to the passive income provisions and it seems clear that some changes to the law as necessary should be made before the provisions take effect. However, we have concluded that it would be premature to introduce changes at this time before all representations have been received and given the study they require."

Your Committee recommends the following:

I A. Foreign accrual property income (passive income)

That the Government give renewed consideration to the "foreign accrual property income" (FAPI) rules with a view to making at least the following changes:

(*a*) that the definition of the term "foreign accrual property income" be amended to exclude from the category of income which is subject to the foreign affiliate rules any income or capital gains from property that may reasonably be regarded as having been used for the purpose of gaining or producing income from an active business; or, that the term be re-defined in such other manner as to ensure that the overall thrust of the foreign accrual property income provisions will be restricted so that the income subject to these rules will include only diverted income; in the result, that income such as interest on short-term deposits, interest on trade receivables, gains on the disposition of capital property used in a bona fide business operation and other like items will not be classed as foreign accrual property income.

(*b*) that the de minimis rule contained in the proposed legislation be broadened to the effect that the passive income rules will not apply to any foreign affiliate whose passive income does not exceed a specified percentage of its total gross revenue (such as the 30 per cent rule in the United States); alternatively, the de minimis rule may be expressed as a percentage of the foreign affiliate's gross assets.

(*c*) that the term "foreign affiliate" be re-defined for purposes of the foreign accrual property income rules to include with respect to foreign corporations only those corporations which are controlled directly or indirectly in Canada.

B. Dividends received from foreign affiliates

That the proposed differentiation in treatment of dividends received from foreign affiliates, depending on whether the foreign affiliate is located in a treaty country or non-treaty country, be eliminated and that all dividends received by resident corporations from foreign affiliates be exempt from tax. In any event, your Committee can find no valid reason for the failure to provide a tax credit in respect of foreign withholding taxes on dividends from non-treaty countries.

II. That the Government announce any changes in these provisions at the earliest opportunity and, pending same, that the effective date of the passive income rules which are to commence with respect to passive income earned in taxation years commencing after December 31, 1972 be deferred in their implementation for a period of at least one further year to December 31, 1973.

In conclusion, your Committee feels constrained to reiterate the views expressed by it in its report on the White Paper "Proposals for Tax Reform" condemning the implications inherent in the Government's proposals that vast tax avoidance schemes exist through the use of foreign entities. As stated in its report, the Committee believes that tax avoidance of this kind can be effectively blocked under existing legislation and failure to block such abuses (if they exist) is due more to lack of enforcement of existing law than to lack of legislation.

FARMERS

A. Basic herds

At the present time, farmers who maintain a permanent herd of animals for the purpose of producing livestock or livestock products for sale are construed as having a capital asset in the form of a "basic herd". This treatment has been sanctioned by the Department of National Revenue in its "Farmer's & Fisherman's Tax Guide" which sets out rules for establishing and enlarging basic herds. In other words, the brood animals forming part of the basic herd are analagous to other capital assets of the farmer such as land and orchards and to the fixed capital assets of any other business.

Under the proposed legislation, it is intended to abolish the concept of the basic herd and to treat such herds as inventory or stock-in-trade. Under the transitional rules, basic herds which have already been established will continue to be treated as capital assets to the extent that gains accrued at the commencement of the new system will not be subject to tax. However, gains accruing thereafter will be treated in the same manner as profits on the sale of inventory.

Your Committee is not aware of any reason for not continuing to recognize a permanent herd for what it is, namely, a capital asset.

Your Committee recommends that provision be made in the proposed legislation for the continued recognition of a farmer's permanent herd as a "basic herd" and, therefore, as a capital asset.

B. Capital gains and farm land

Your Committee is of the view that farmers occupy a special position in the economic structure of this country. Over the years, this sector of the economy has become increasingly subjected to pressures which have led to a profound change in the nature and use of farm lands. Your Committee is concerned by this trend and believes that measures should be taken to reverse it.

Your Committee recommends that consideration be given to extending the rollover provisions to permit land together with any other capital property which is used by an individual in a farming activity to be transferred, either during lifetime or on death, to lineal ascendants or descendants without being subject to capital gains treatment under the deemed realization provisions. This exemption should only be available in those circumstances where the transferee or transferees continue to carry on the farming activities.

EMPLOYEES PROFIT SHARING PLANS

Under present law, an employee who is a beneficiary under an employees profit sharing plan is taxed in the same manner as an employee who receives a profit sharing bonus directly from his employer and invests the money received. In summary, the employee's position is as follows:

1. the employee is taxed annually on any amount which his employer contributes to the plan on his behalf in the same manner as he would have been if he had received a bonus of an equivalent amount directly;

2. the employee is not allowed a deduction in respect of any contributions which he himself may pay into the plan;

3. the employee's share of the income earned each year by the plan is taxed annually in his hands; and

4. amounts received by the employee out of the plan (whether on retirement or otherwise) are, in general, non-taxable since these amounts will normally have been taxed previously.

Under the proposed legislation, the same general rules will apply. However, with the taxation of capital gains, the employee will also be taxed annually on his proportionate share of one-half of the net capital gains realized by the trust in each year (excluding any portion accrued prior to January 1, 1972) as well as on his share of the income earned by the trust in the year. In addition, provision is made in the proposed legislation with respect to the taxation of any unrealized gain on capital property distributed in specie to an employee on his withdrawal from the plan. Under these provisions, the employee is subject to tax in the year of his withdrawal on any accrued gain in respect of the property received from the trust (excluding any portion accrued prior to January 1, 1972) but it would appear from the proposed legislation that such accrued gains will be treated as ordinary income rather than as capital gain.

Quite evidently, these accrued gains should at least receive capital gain treatment and this should be clearly stated in the proposed legislation. However, even this treatment is unsatisfactory inasmuch as it places a member employee at a severe disadvantage vis-à-vis an employee who invests after-tax earnings directly. In the opinion of your Committee, capital property which is in substance the employee's property should not be considered as having been realized at fair market value on distribution to the employee. The deferral of gain would be consistent with the treatment to be accorded to a capital beneficiary of an ordinary trust.

Your Committee recommends the following:

1. that where property is distributed in specie to an employee by the trustee of an employees profit sharing plan, the trustee should be deemed to have disposed of the property for proceeds equal to its cost amount (as defined) to the trust;

2. that the employee should be deemed to have acquired the property at the cost amount to the trust; and

3. that the employee should not be taxed until he ultimately disposes of property, at which time any gain should be subject to capital gains treatment.

DEFERRED PROFIT SHARING PLANS

The tax treatment of deferred profit sharing plans differs from the treatment accorded employees profit sharing plans. The provisions of the present law relating to deferred plans are, in summary, as follows:

1. the employee is not taxed currently on any amounts which his employer may contribute to the plan on his behalf nor on the income earned in the year by the plan; and

2. instead, the employee is subject to tax on the full amount received on his withdrawal from the plan minus any portion representing a refund of contributions paid by the employee into the plan; the exclusion of the employee's contributions follows from the fact that the employee is not allowed a deduction for contributions but is obliged to make these payments out of tax-paid dollars.

It is significant to note that the amount taxable as income in the employee's hands represents not only his share of (*a*) the employer's contributions, and (*b*) the income earned by the plan, but also (*c*) his share of any net capital gains of the trust. This treatment has been acceptable to member employees partly because of the tax deferral feature inherent in these plans but also in large measure because the employee has the right to avail himself of the special tax averaging provisions of Section 36 of the present Income Tax Act in respect of a lump sum payment received on his withdrawal from the plan.

Under the proposed legislation, the lump sum distribution from the plan will continue to be treated as ordinary income whether the distribution is made from employer contributions, income accumulated by the trust, capital gains realized by the trust or unrealized gains in respect of property distributed in specie to the employee.

However, the tax averaging provisions of Section 36 of the present Act are not carried forward into the proposed legislation in respect of amounts accumulated by the trust after 1971. Instead, these provisions are to be replaced by averaging provisions which, for purposes of members of deferred profit sharing plans, appear to be quite inadequate. In this regard transitional provisions are to be introduced to permit employees to take advantage of an averaging provision equivalent to Section 36 of the present Act in respect of amounts accumulated in the trust up to December 31, 1971. However, if such an election be made by an employee, he cannot avail himself of either of the

proposed averaging provisions (general or forward) in respect of that portion of the amount accumulated in the trust after December 31, 1971. Also, in future years, the transitional rule will be of diminishing benefit.

The general and forward averaging provisions available under the proposed legislation are not only much less generous than the elective provision under section 36 of the present Act, but the requirement to purchase an income averaging annuity in order to obtain forward averaging in effect removes the basic purpose of a deferred profit sharing plan, i.e. the accumulation of a lump sum on retirement.

In the opinion of your Committee, the effect of the proposed legislation will be to legislate these plans out of existence. Relief should be granted; the most appropriate means of achieving this relief is by the application of capital gain rules to the property of the trust.

Your Committee recommends the following:

1. that any amount distributed by the trustee of a deferred profit sharing trust out of capital gains realized by the trust should qualify for capital gains treatment in the employee's hands;

2. that where property is distributed in specie to an employee by the trustee, the trustee should be deemed to have disposed of the property for proceeds equal to its "cost amount" (as defined) to the trust;

3. that the employee should be deemed to have acquired the property at the "cost amount" to the trust; and

4. that the employee should not be taxed until he ultimately disposes of the property, at which time any gain should be accorded capital gain treatment.

DEEMED DISPOSITION ON CEASING TO BE A RESIDENT OF CANADA

One of the provisions of the proposed legislation which has occasioned widespread concern is the Government's proposal that taxpayers who emigrate from Canada will be deemed for capital gains purposes to have disposed of all of their capital assets (other than "taxable Canadian property") for an amount equal to the fair market value of the property at the date of their departure. Any taxable capital gain (or allowable capital loss) determined by reference to such fair market value must then be taken into account in computing the emigrant's income for tax purposes for the year in which he ceases to be a resident.

One of the effects of these provisions is that a taxpayer who leaves Canada to take up residence abroad will often be subject to double taxation—first in Canada in the year in which he ceases to be a resident and secondly in his new country of residence in the year in which he ultimately disposes of the property. This will occur if the foreign country imposes tax on capital gains (but does not have a provision similar to that contained in the proposed legislation to the effect that there is a deemed acquisition on becoming a resident) and if the tax payable in one country is not available as a credit against the tax payable in the other. The only possible relief in such a situation would be by way of tax treaty and, in your Committee's opinion, this type of relief is unlikely as we know of no other country which uses an accrual basis of accounting for capital gains upon entering or leaving the country. Failure to provide adequate relief runs counter to the principle in our law that double taxation is to be avoided.

The proposed legislation does provide an alternative to the foregoing. Instead of paying tax on his deemed gains as aforesaid, the taxpayer may elect to defer taxation until the year in which the gains are actually realized. However, if such an election is made, the taxpayer will be subject to Canadian income tax in the year of realization on his world income for that year (and not simply on the capital gain) to the same extent as if he were still a resident in Canada. This alternative will often prove unduly harsh in so far as it applies to persons who are not in fact resident in Canada when the gain is realized. For example, a taxpayer who has ceased to be a resident of Canada may find himself in the position of having to pay a substantial amount of Canadian income tax under these provisions in the year in which such a gain is realized even though the amount of the gain be nominal

Your Committee notes that the problem alluded to in the preceding paragraph only arises in respect of property other than "taxable Canadian property". It is important to realize that a taxpayer who leaves Canada and who has assets consisting of "taxable Canadian property" is not subject to the aforementioned rule. When he subsequently becomes a non-resident, he may dispose of his "taxable Canadian property" and, although subject to tax, the tax is calculated on the basis that he has no income other than his gain on the disposition of his "taxable Canadian property". Unless the taxpayer is otherwise deemed to be a resident of Canada, it is obvious that this rule has quite different tax effects from those which would apply if the same taxpayer also had property other than "taxable Canadian property". In the latter situation, the taxpayer will be subject to Canadian income tax in the year of realization on his world income. Your Committee does not appreciate the necessity for such a difference in tax treatment.

There are other anomalies such as the lack of carry-forward provisions in the event of capital losses

Your Committee also considers it unfortunate that no allowance has been made in these provisions for the many exceptional circumstances which are bound to occur; for example, where the taxpayer is forced to leave Canada for health reasons or by reason of a transfer abroad at the request of his employer.

Your Committee recommends:

1. that provision should be made to enable the Minister of National Revenue to grant relief if, in his opinion, hardship will result and the departure is occasioned

(*a*) by reason of illness;

(*b*) by reason of the transfer of an employee at the direction of the employer; or

(*c*) by any other reason which the Minister considers deserving of relief.

2. that when a taxpayer ceases to be a resident of Canada he should be deemed to have disposed of all his capital assets, wherever situate, for an amount equal to fair market value and that a fixed rate of tax, say of 20 per cent, be levied on any gains at that time; and

3. that if the taxpayer elects to defer payment of tax as provided for in the proposed legislation, he should not be obliged to pay Canadian income tax on his world income if he is not in fact resident in Canada in the year of realization; instead, all of the capital property owned by the taxpayer at the date of his departure should be deemed to be "taxable Canadian property" and the taxpayer should be subject to tax on any taxable capital gains realized in respect thereof in the same manner as other non-residents.

GIFTS, BEQUESTS AND DEVISES TO CHARITIES—DEEMED REALIZATION

The proposed legislation provides that all capital property (other than depreciable assets) owned by a taxpayer at the date of his death will be deemed to have been realized at its then fair market value and any capital gain or loss shall be included in income for that taxation year. In the case of depreciable property, there will be a deemed realization at midway between fair market value and undepreciated capital cost. A similar rule is proposed in respect of gifts inter vivos. There is an exception to the general rule where assets are transferred on death or by way of inter vivos gift to a spouse or to certain trusts in favour of a spouse. In the latter circumstances, the transferee is considered to have acquired the property at an amount equal to the "cost amount" of the property to the transferor.

Your Committee is concerned that no exception has been made in respect of gifts, bequests or devises to registered charitable organizations or to other similar tax-exempt organizations. By way of contrast, gifts, bequests and devises to such organizations are not subject to tax under the present Estate Tax Act nor under the provincial succession duty Acts. Your Committee therefore considers it unreasonable that a taxpayer should be subject to an income tax on a deemed realization when making a gift, bequest or devise to a charitable organization or to other similar tax-exempt organizations.

Your Committee appreciates that, in some circumstances, it may be more beneficial from an income tax point of view to accept a deemed realization of an amount equal to the fair market value of the subject matter of a gift and claim a deduction for the full market value thereof. On balance, however, your Committee believes that the legislation should be neutral in respect of any tax benefits resulting from the making of a charitable gift (except as otherwise provided).

Your Committee recommends that the proposed legislation be amended to provide that, where capital property is transferred to a charitable organization or other similar tax-exempt organization by way of gift, bequest or devise, the taxpayer will be considered to have disposed of the property for an amount equal to the "cost amount" thereof to him.

MINING AND PETROLEUM

Since the majority of provisions of the proposed legislation affecting the resource industries are to be implemented by amendments to the Income Tax Regulations, most of the comments which follow refer to the news release of the Department of Finance dated July 6, 1971. That document outlines the regulations proposed to apply to the mining and petroleum industries.

A. Earned Depletion

The proposed legislation will remove the automatic 33⅓ per cent depletion presently permitted under the Income Tax Act; it is to be phased out gradually over the next 5 years. Automatic depletion will be replaced by the concept that depletion must be earned by incurring exploration and development expenditures. The formula adopted will be that for every $3 of eligible expenditures made after November 7, 1969 a taxpayer would earn the right to deduct $1 of depletion in computing his taxable income after 1976, subject to a maximum of 33⅓ per cent of net production profits.

The proposed regulations define expenditures which will be eligible to earn depletion as including the following:

(a) Canadian exploration and development expenses, except for:

(i) the acquisition cost of Canadian resource properties,

(ii) costs in respect of such community and transportation facilities as houses, schools, hospitals, sidewalks, roads, sewers, sewage disposal plants, airports, docks and similar property (other than a railroad not situated on the mine property) acquired to establish community and transportation facilities necessary for the operation of the mine,

(iii) Canadian exploration and development expenses in the vicinity of the mine after it came into production, and

(iv) interest on funds required to finance exploration, prospecting and development.

(b) New depreciable mine assets (i.e. a building except an office building that is not situated on the mine property; mining machinery and equipment; and electrical plant set forth in Class 10 of Schedule B by virtue of subsection 1102 (9) of the Income Tax Regulations in connection with a new mine or a major expansion of an existing mine), and

(c) Expenditures on new buildings and machinery, to the extent that they are to be used to process ore from Canadian mineral resources beyond the stage to which they were previously processed in Canada, up to but not beyond the prime metal stage or its equivalent.

Expenditures for the acquisition of Canadian resource properties should, in the opinion on your Committee, qualify to earn depletion. The acquisition of such properties is an integral part of exploration and development expenditures: indeed it is the first step in any exploration or development program. Your Committee recognizes, however, that the inclusion of the cost of Canadian

resource properties as expenditures which would be eligible to earn depletion would require that safeguards be inserted into the proposed legislation to prevent the buying and selling of such properties between related taxpayers to artificially earn depletion. One suggestion would be to deduct $1 of the transferor's earned depletion for each $3 of proceeds of disposition. If the transferor had no earned depletion capable of the reduction, it could be subject to recapture of depletion previously allowed.

Following the publication of the White Paper on Tax Reform, the Department of Finance issued a news release dated August 26, 1970 which contained a letter from the Minister of Finance to the provincial ministers of finance and treasurers. That document stated that the Government was "prepared to propose three further important changes affecting the taxation of the mining industry".

The first two changes were to widen the definition of expenditures which would qualify for "earned depletion" to include

(1) "the costs of new facilities located in Canada to process mineral ores to the prime metal stage or its equivalent"; and

(2) expenditures "for mine buildings, and machinery and equipment acquired in connection with a major expansion of an existing Canadian mine. This extension would put the major expansion of an existing mine on a roughly comparable tax footing with the opening of a new mine."

Your Committee heard evidence of expenditures of the type set forth in that letter which were incurred by reason of the acceptance by mining companies of the above-proposed changes. In your Committee's view, the mining industry was entitled to accept the government's proposals at their face value, namely as being "further important changes affecting taxation of the mining industry". In effect the Government represented that the changes proposed in its news release of August 26, 1970 would be implemented in legislation and regulations so that the mining industry might more immediately undertake the opening of new mines and the major expansion of existing mines in the interest of expanding employment and the national economy. One witness stated that his company had incurred expenditures of $120 million in expanding its production facilities, $30 million of which were spent on major smelter and refinery expansions. The Company made public its reliance on the August 1970 changes to the White Paper when it announced that expansion. The Government did not at that time contradict what was apparently the clear intention of its news release.

However in the proposed regulations released on July 6, 1971 there appears the statement that "expenditures on *new* buildings and machinery, to the extent they are to be used to process ore from Canadian mineral resources beyond the prime metal stage or its equivalent" would be eligible to earn depletion. The restriction to "new" buildings and machinery appears to contradict directly the Government's August 26, 1970 proposal to permit expenditures for "mine buildings and machinery and equipment acquired in connection with a major expansion of an existing Canadian mine" to earn depletion.

Your Committee heard evidence that officials in the Department of Finance have stated that their interpretation of the proposed regulations would render ineligible for earning depletion, expenditures on a major expansion of existing facilities. Their alleged interpretation will require eligible buildings to be new from the ground up. However since your Committee has not yet heard any witnesses from the Department of Finance, it has set out the facts in connection with

(1) the news release by the Minister of Finance on August 26, 1970 proposing additional changes to widen the definition of expenditures that can qualify for earned depletion;

(2) the proposed regulations released on July 6th, 1971 by which such proposed changes would be administered;

(3) the interpretation allegedly put upon the language of the Minister's proposal of August 26th, 1970 substantially limiting its scope; and

(4) evidence submitted that it was only following the Minister's widening of the proposed scope of the definition of earned depletion that projects involving substantial expenditures became feasible.

Your Committee recommends that serious consideration be given to the situation presented by this set of facts.

In any event, your Committee believes that if the government's intention be to encourage additional processing in Canada, all expenditures on structures and machinery incurred to increase Canadian processing facilities should qualify to earn depletion. Companies which cannot afford to construct elaborate smelting and refining facilities as part of their initial investment should not be penalized if subsequently they expand their existing processing facilities. Nor should the construction of custom smelters and refineries be denied this incentive to the extent that they process foreign ores.

In the White Paper on Tax Reform, at page 67, the Department of Finance proposed that expenditures "on exploration for or development of mineral deposits in Canada" be eligible to earn depletion. The August 26, 1970 news release reiterated the White Paper proposals in this regard. However the proposed regulations issued July 6, 1971 exclude the four above-noted categories of Canadian exploration and development expenses which will be eligible to earn depletion. Your Committee heard numerous submissions urging that these exclusions be eliminated.

The company engaged in the $120 million expansion programme referred to above incurred $10 million of expenditures on development of an existing open pit mine by stripping waste rock, only to discover that expenditures eligible to earn depletion are now to exclude "Canadian exploration and development expenses in the vicinity of a mine after it came into production".

Other witnesses stated that such an exclusion would penalize small mines that have insufficient capital to enable them to complete their total exploration before bringing a property into production. Your Committee feels that this particular exclusion is not warranted. The Gov-

ernment may be concerned with the difficulty of determining whether an open pit or underground operation is exploration or actual mining. Your Committee considers that to be a question of fact to be decided in each case, and does not consider that problem to be sufficiently burdensome to warrant excluding any *bona fide* exploration from being eligible to earn depletion.

Your Committee is of the opinion that the risks of the oil and gas industries are of sufficient magnitude to require that depreciable property such as production equipment and natural gas plants be eligible to earn depletion in the same manner as mining machinery and equipment are treated in the case of new mines and major expansions of existing mines. At a time when the cost of production equipment (such as drilling and production platforms) required for the development of off-shore and far-north petroleum and gas properties will be enormous (likely double and triple present costs), your Committee recommends that those and similar expenditures qualify to earn depletion.

In order to encourage the development of remote areas of Canada, your Committee recommends that the cost of social capital and transportation facilities be eligible to earn depletion. Those expenditures, when incurred in remote regions, can form a major portion of total exploration and development costs and are essential to the operation of a mine. Without such expenditures there could be no development of the property.

The exclusion from eligibility to earn depletion of interest on funds required to finance exploration projects can only penalize smaller companies with limited capital. Your Committee therefore recommends that the cost of borrowing money to be used to finance exploration qualify to earn depletion.

In summary your Committee recommends that all "Canadian exploration and development expenses" as defined in the proposed legislation should earn depletion, as should depreciable mine assets (whether new or used), depreciable production equipment and natural gas plants in the petroleum and natural gas industries, and expenditures on new buildings and machinery as well as on expanded buildings and machinery, to the extent that they are to be used to process ore from any mineral resources beyond the stage to which they were previously processed in Canada, up to but not beyond the prime metal stage or its equivalent. Therefore any expenditure which is required to reduce the profit from which depletion may be deducted should qualify as an eligible expenditure.

In the event that your Committee's recommendation in this regard be not adopted, an alternative (but less satisfactory) treatment would be to permit the expenditures enumerated above to be deducted from income by resource companies for purposes of computing their taxable income, but to stipulate that such expenditures would not reduce their production profits from which earned depletion is deductible. In other words if the expenditures in question are not to be permitted to earn depletion, they ought not to reduce the base on which depletion is calculated; however they should remain deductible in computing taxable income.

Your Committee recommends that the transitional period required to convert from automatic depletion to earned depletion be extended to 1980. Alternatively, companies should be permitted to "bank" eligible expenditures whenever incurred (that is, including expenditures incurred prior to November 7, 1969) after deducting from such "bank" all depletion previously allowed. Expenditures made prior to November 7, 1969, (which is the date prescribed by the proposed regulations as being the date after which companies can accumulate expenditures which will qualify to earn depletion) were incurred on the basis that automatic depletion would be available. Accordingly those expenditures should at least be included in the computation of earned depletion.

B. Accelerated Capital Cost Allowance

The three-year exemption from tax of profits derived from the operation of a new mine is to be withdrawn on December 31, 1973. It will be replaced by an accelerated write-off of specified capital equipment and facilities. The proposed regulations provide that the following types of *new* depreciable assets acquired before a new mine comes into production and for the purpose of gaining or producing income from the mine (including income from the processing of mineral ores up to the prime metal stage or its equivalent) will qualify for accelerated capital cost allowance:

1. a building (except an office building that is not situated on the mine property),

2. mining machinery and equipment,

3. electrical plant that would otherwise be included in Class 10 of Schedule B by virtue of section 1102 (9) of the Income Tax Regulations, and

4. houses, schools, hospitals, sidewalks, roads, sewers, sewage disposal plants, airports, docks and similar property (other than a railroad not situated on the mine property) acquired to establish community transportation facilities necessary for the operation of the mine.

Depreciable property of the type listed in clauses (1), (2), and (3), will also qualify for the accelerated capital cost allowance where it is acquired in the course of the major expansion of an existing mine and before the commencement of production at the higher level of capacity. For this purpose a major expansion will be considered to have taken place if the productive capacity of the *mine mill* is increased by at least 25 per cent.

The proposed regulations will enable both new mines and existing mines engaged in major expansion programmes to claim accelerated capital cost allowance on specified types of "new depreciable assets", provided they be acquired before the mine came into production (or, in the case of major expansions, before production at the increased capacity commences). The purpose of this incentive appears to be to promote increased development of new and expanded mines, rather than to encourage the purchase of new assets instead of used assets. Your Committee considers that if a company decides that it should, for economic and business reasons, purchase

used assets rather than new ones, the cost thereof should be eligible for the accelerated capital cost allowance.

In addition your Committee sees no reason to limit this incentive to assets acquired *before* production begins. That restriction places at a severe disadvantage those mines with insufficient financing to defer the commencement of production until after all of the qualifying assets have been acquired.

Similarly many "new" mines cannot afford to build a smelter or a refinery immediately. If a smelter or refinery were added after a mine had established itself, the addition would not appear to qualify as a "major expansion", since that term is defined in the proposed regulations to mean an increase by 25 per cent in the productive capacity of the "mine mill". Your Committee is of the opinion that new or used smelting and refining assets, whenever acquired, should be eligible for accelerated capital cost allowance. This will help to promote increased processing of minerals in Canada.

Your Committee also wishes to draw attention to the following items which, although technical, do merit serious consideration:

(*a*) an expenditure which the proposed regulations describe as a "building (except an office building that is not situated on the mine property)" should be amended to include other "structures" to make it clear that dams, conveyor trussels, tanks and sub-structures will qualify for accelerated capital cost allowance;

(*b*) the phrase "mining machinery and equipment" should be amended to read "mining and processing machinery and equipment" to accord with the preamble to the proposed regulations. The preamble states that various assets acquired for the purpose of producing income from the mine, "including income from the processing of mineral ores up to the prime metal stage or its equivalent" would be eligible for fast write-off;

(*c*) the definition of the social capital transportation costs which will qualify for accelerated capital cost allowance should be re-phrased by stating the general categories of expenditures which are to qualify. That general principle should be followed by an enumeration of particular items which would not restrict the generality of the guiding principle. As presently worded, the proposed regulations would appear to exclude dams, lighting installations and water lines, for example;

(*d*) social capital and transportation costs incurred on a major expansion of an existing mine logically should qualify for fast write-off to the same extent as buildings, machinery and equipment; and

(*e*) the definition of "major expansion of an existing mine" should be revised to include a 25 per cent increase in the productive capacity of a mine or mill. On occasion the output of a mine could increase by 25 per cent without a corresponding increase in mill capacity (for example, where ore is custom milled). It is seldom that ore is custom milled outside Canada.

C. Transfers of Resource Properties

Under present law, mining properties and royalty interests are treated as capital assets. That is, their acquisition cost is not deductible and proceeds on their sale are not taxable. However, since 1962 the acquisition cost of oil and natural gas rights have been deductible as exploration and development expenses, and proceeds on their disposal have been fully taxable.

The proposed legislation will, following an eight-year transitional period, require the inclusion in income of the entire proceeds of sale of all Canadian resource properties. Correspondingly, the cost of acquiring such properties will be deductible from income.

Your Committee recommends that the transfer of Canadian resource properties between related companies should be permitted to occur without incidence of tax.

DEFERRED RECOGNITION OF CAPITAL GAINS (ROLLOVERS)

With the introduction of taxation of capital gains in Canada, provisions must be made for the deferring of tax in appropriate circumstances such as where there is no change in economic interest. The proposed legislation duly recognizes this and contains a number of provisions to defer the tax on gains. The principal ones are:

1. Involuntary dispositions where property has been destroyed or expropriated and the compensation received is used before the end of the following taxation year to replace the property.

2. The conversion of convertible bonds, debentures and notes for shares of the same corporation or bonds for bonds from the same debtor.

3. The transfer of assets to a corporation if the tranferor (which may include a partnership) owned at least 80 per cent of each class of the corporation's capital stock immediately following the transfer. This deferral is subject to a number of limitations and restrictions.

4. The transfer of capital property to a spouse or to specified classes of trusts for the benefit of a spouse.

5. The transfer of property by a partner of a Canadian partnership to the partnership. This deferral is also subject to certain restrictions and limitations.

6. The transfer of partnership property to a member of the partnership provided that the transferee subsequently carries on the business formerly carried on by the partnership.

7. The liquidation of a wholly-owned Canadian subsidiary into its Canadian parent corporation.

8. The disposition of shares on the reorganization of a corporation's share capital to the extent that any money or property (other than shares of the corporation) received by the shareholder does not exceed the adjusted cost base of the shares disposed of in the course of the reorganization.

9. The disposition of shares upon the amalgamation of two or more corporations provided that

(*a*) where preferred shares are disposed of, the shares of the successor corporation which the share-

holder receives in exchange therefor have substantially similar rights and conditions as the preferred shares which were exchanged, and

(*b*) where common shares are disposed of, the shareholders of the predecessor corporation receive in total at least 25 per cent of the issued common shares of the successor corporation.

Your Committee is of the opinion that the aforementioned rules which provide for deferred recognition of capital gains (rollovers) are of assistance but are not adequate. A tax system should not impede transfers of properties in bona fide legitimate business transactions. Sound management decisions often dictate that transfers of capital property be made between related groups of corporations for example, transfers of unused equipment from one subsidiary to another which could employ it more efficiently. Unfortunately the proposed legislation imposes a barrier to such transactions unless the corporation is willing to pay the tax on a deemed gain or is willing to assume a non-allowable capital loss. There is no valid reason for imposing penalties in circumstances such as this especially when appropriate safeguards have been incorporated in the proposed legislation to disallow superficial losses and to block artificial transactions and tax avoidance.

Your Committee fails to understand why the Government has departed from the ground rules it laid down in its own White Paper on Tax Reform, which read on page 42, paragraph 3.43:

"The government believes that there are some situations in which it would be unfair to collect a capital gains tax even though the taxpayer has sold or otherwise disposed of an asset at a profit. These situations fall into two broad classifications—those where there is a forced realization and those where there has been no change of underlying ownership even though there has been a sale."

Provided that there is no change in economic interest, no deemed realization should occur in any circumstances where, for example,

(*a*) there is a forced transfer,

(*b*) corporate reorganizations occur,

(*c*) property is transferred to a corporation by its "incorporators"—the proposed legislation restricts deferral to those situations where the transferor (which may include a partnership) transfers property to an 80 per cent controlled corporation,

(*d*) there is a transfer of assets to a business trust.

The Committee believes that there are other transactions which are as equally entitled to a deferral as those specified in the proposed legislation and suggested above. It is not possible for your Committee to envisage all of the transactions which should be accorded deferred gain treatment, therefore:

Your Committee recommends that the tax-free deferral provisions be broadened to the greatest extent possible to include all situations where underlying ownership remains the same. Because it is impossible to foresee all of the situations in which deferrals should be permitted, it may be appropriate to authorize the Minister of National Revenue to expand the deferral provisions by way of regulation as the need for such provisions becomes apparent, perhaps requiring prior approval as a condition of obtaining the benefit of a tax-free deferral.

DESIGNATED SURPLUS

Your Committee has noted that the concept of "designated surplus" is to be retained in the proposed legislation. This concept was originally introduced into the present Act in 1950 to prevent taxpayers from being able to distribute their corporate surplus free of tax. Prior to the enactment of these provisions, it was possible to arrange to receive a corporation's undistributed income in the form of a non-taxable capital gain through the relatively simple expedient of selling the shares of a surplus-laden corporation to another corporation which could then distribute the surplus of the first corporation free from income tax.

In order to offset any advantage to this kind of transaction, provisions were enacted to the effect that, where one corporation acquired control of another, the surplus or retained earnings on hand in the controlled corporation at the end of the taxation year immediately before control was acquired was designated and any dividends paid out of such surplus became taxable to the receiving corporation.

As events have shown the designation of corporate surplus was not entirely satisfactory and in 1963 a further provision was enacted known as Section 138A, whereby the receipt of amounts by a vendor of shares should be construed as a dividend and could be taxable as such in his hands. With the introduction of Section 138A it might have appeared that the designation of corporate surplus was no longer necessary, but it was nevertheless retained.

In considering the need for retaining the designated surplus provisions, your Committee notes that the tax savings that might be achieved under present law in the absence of designated surplus provisions could be as great as 60 per cent of the surplus involved (i.e., tax at the 80 per cent maximum rate of personal income tax less the 20 per cent dividend tax credit). The proposed inclusion of one-half of capital gains in ordinary income combined with the proposed reduction in the maximum rate of personal income tax and the change in the dividend tax credit system will substantially reduce the amount of tax saving which could be achieved by converting corporate surplus into a capital gain. Therefore, there is not the same need for the designated surplus provisions under the proposed legislation as there is under the present Act.

Despite this, various amendments have been made to these provisions which will effectively deter many valid corporate reorganizations. An example of this tightening of the designated surplus provisions is the deeming of a dividend to have been paid out of designated surplus in the event of a vertical amalgamation, e.g. the amalgamation of a parent and its subsidiary.

Having regard to the reduced need for the designated surplus provisions and the obstacles which these provisions place in the way of bona fide corporate reorganizations, these provisions should be eliminated; particularly in view of the fact that Sections 137(2) and 138A(1) of the present Income Tax Act, with which the Department of National Revenue has successfully attacked dividend stripping arrangements, are to be carried forward into the proposed legislation. It would also appear desirable for the purpose of simplification that your Committee give consideration to the abandonment of designated surplus, particularly when the proposed legislation is introducing so many new types of surpluses.

It might also be relevant to note that since the deemed dividend provisions of the proposed legislation do not apply to foreign corporations, Canadians who control such corporations will be able to convert corporate surplus into a taxable gain. There is therefore some precedent in the proposed legislation for eliminating the designated surplus concept. However their counterpart Canadian corporations will be refused such a treatment.

Your Committee recommends that the special taxes which are to be levied on dividends paid or received out of a corporation's designated surplus be withdrawn.

It is recognized that the elimination of tax on dividends paid out of designated surplus will presumably require amendments to the proposed legislation to provide that these dividends will reduce the cost base of shares for eventual capital gains purposes. It may also be necessary to provide that a corporation which wishes to make a distribution of pre-1972 designated surplus will be required to "tax pay" amounts distributed from such surplus by paying the special 15 per cent tax relating to 1971 undistributed income.

Recent amendments to the proposed legislation were tabled pertaining to the definition of designated surplus. One of the effects of these amendments would be to designate the undistributed income on hand of a corporation the control of which changed prior to the end of its 1972 taxation year. This would appear to mean that an amalgamation which was effected before 1972 would result in the designation of the entire surplus of each of the amalgamating corporations. Such designation of surplus would carry over into the amalgamated corporation.

Your Committee considers that such a result could not have been intended, and it desires to voice its disapproval of designated surplus in general and this amendment in particular.

CONSOLIDATED RETURNS OF INCOME

The question of consolidated returns of income by related corporations is not a new one, having been raised many times in the past. In point of fact this concept was part of our taxation law for some 20 years, between the periods of 1932 and 1952. The apparent reason for its introduction into the law during that period, was the absence of business loss carry-forward provisions and as a result, qualified corporate groups were permitted to consolidate their incomes and thus absorb their losses on a current basis. In effect, these corporations were prepared to be associated for income tax purposes as if they were a single entity.

In 1952, with the introduction of provisions allowing taxpayers to a business loss carry-over, it was believed that there was a reduced need for consolidated returns of income by corporate groups and the concept was therefore abandoned. There is also some suggestion that the decision was dictated by administrative convenience.

In appreciating this matter it is noted that for some period of time we have also had in our law the concept known as associated corporations. In order to assist small business corporations, provision was made in the income tax law for a dual rate of corporate tax. That is, the corporation was subject to tax at one rate on a defined amount of taxable income and at a higher rate on any taxable income in excess of this amount. However, it was decided that corporations which formed part of a related group (as defined) should be considered to be associated and that one corporation in the group should be entitled to the lower rate of tax or, alternatively, that the amount eligible for the lower rate should be allocated amongst the group. These associated corporation rules were for the purpose of determining the applicable tax rate and did not permit the application of current losses from one corporation to another within the group.

Throughout the years, extensive rules have been enacted for the purpose of deeming corporations to be associated. Under the present provisions, the Minister of National Revenue is also entitled, in his discretion, to treat corporations as associated. The effect of these provisions is to associate corporations who would not otherwise wish to be associated.

In the opinion of your Committee it appears somewhat incongruous that there exist situations wherein some related corporations wish to be associated, and other related corporations do not. To this end, the concept of the consolidated return of income provided a vehicle for the former while the concept of the associated corporation provided the vehicle for the Minister of National Revenue in respect of the latter. The difficulty is that upon the abandonment of consolidated return of income provisions, the former group continue to be associated corporations without the ability to apply current losses from one corporation to another.

Your Committee recognizes the fact that separate corporations must often be created for various commercial purposes. In some cases, provincial or federal laws will require separate corporations to be established. These corporations are nevertheless in substance part of the same corporate family and their financial consolidation should therefore be duly recognized.

While the loss carry-over provisions permit application by each corporation of current losses to other taxation years, nevertheless, the immediate application of such losses to the income of other corporate members of the group is a more realistic view of the situation. Your Committee recognizes the basic principle that profits of one member of a group should be used to reduce the losses of another member of the group. This principle has been duly recognized in the United States.

Because of the restricted number of rollover provisions in the proposed legislation and the resulting difficulty which will be encountered in merging the operations of a related corporate group, your Committee believes that it is essential that corporations should be permitted to file consolidated returns of income, if they so elect.

The Committee has made this suggestion on previous occasions. This view has been reinforced by other notable committees, commissions and professional bodies, including the House of Commons Committee on Finance, Trade and Economic Affairs, the Royal Commission on Taxation (Carter), the Canadian Bar Association and the Canadian Institute of Chartered Accountants.

Your Committee recommends that provision be made in the proposed legislation to permit corporations which are members of a qualifying group to elect to file on a consolidated return of income basis. If it is found that such a provision is impractical, your Committee recommends that consideration be given to the introduction of a scheme of subvention payments similar to that formerly used in the United Kingdom.

CONSTRUCTION INDUSTRY

Your Committee has studied the representations made by this industry and has come to the conclusion that two major points should be modified in the proposed legislation.

The first one relates to the reporting of income and arises from the fact that it is extremely difficult to determine the annual income from contracts such as stipulated sum contracts of more than one year's duration. For this reason, the construction industry has historically reported income on the completed contract method of under two years' duration. This method has been approved by the Minister of National Revenue as a matter of administrative practice. However, there is no statutory authority for this method of reporting income and the taxpayer has accordingly no right of appeal if the Minister refuses in any given situation to accept this method of reporting.

The second problem raised relates to the fact that the description of assets falling within class 12(*h*) and class 22 of Schedule B to the present income tax regulations is unduly restrictive in respect of the conditions referred to therein. It is the view of your Committee that the conditions set forth in these classes do not reflect present-day prices for the purpose of class 12(*h*) and that a more extended definition should be provided for the equipment to be included in class 22.

Your Committee recommends

1. That the completed contract method on fixed sum contracts of under two years' duration should be incorporated in the proposed legislation as an accepted method to determine a construction business' taxable income for a year.

2. That special attention be given in regulations to be issued concerning capital cost allowance related to the construction industry in order to remove unnecessary restrictions and to expand its application.

CAISSES POPULAIRES AND CREDIT UNIONS

Under the proposed legislation, caisses populaires and credit unions will no longer be exempt from tax. Instead, it is proposed that these organizations will be taxed in substantially the same manner as other private corporations. As such, they will be entitled to take advantage of the small business deduction to the extent allowable to other private corporations.

One of the defects of the proposals originally put forward by the Government was that the provisions relating to the small business deduction failed to give recognition to the constraints that are placed upon caisses populaires and credit unions by their governing legislation. These organizations are required by law to set aside an annual mandatory reserve, no part of which may at any time be distributed amongst the organization's members. In addition, they may set aside such additional reserve as they consider necessary to assure their financial stability. Like the mandatory statutory reserves, these voluntary reserves cannot be distributed to members.

In considering the effect of the original tax proposals on these organizations it should be recognized that amounts set aside as reserves annually pursuant to the relevant governing legislation are not allowed as a deduction in computing income for tax purposes. These reserves should not be confused with the allowances which caisses populaires and credit unions will be allowed to claim as a deduction under the proposed legislation in respect of their outstanding loans and investments.

In view of such statutory restrictions, these organizations are unable to distribute all of their after-tax income by way of dividend and are therefore unable to perpetuate the small business deduction in the same manner as other private corporations. Having duly considered the representations submitted by these organizations, your Committee concluded that the following recommendation should be put forward:

> That caisses populaires and credit unions should not be required to include in their "cumulative deduction account" (for purposes of determining the available balance of their total business limit of $400,000) such portion of their taxable income as is set aside in the year as a reserve to the extent that such reserve is not available for distribution to members. This should be subject to the further limitation that no recognition be given to any such reserve to the extent that the total amount set aside does not exceed, say, 5 per cent of the organization's total deposits and share capital at the commencement of the year.

The effect of the amendments which the Government recently tabled in this regard is to alleviate, at least in part, some of the problems which confronted these organizations under the original proposals. We commend the Government for introducing these amendments. However, as the effect of these amendments differs somewhat from the afore-mentioned recommendation, your Committee recommends that this matter be given further consideration by the Government.

ADMINISTRATION AND ENFORCEMENT

Your Committee has had referred to it several provisions of the proposed legislation relating to enforcement. Your Committee concurs with attempts to protect the rights of taxpayers whose affairs are under investigation. The Committee is concerned however, that these attempts have not gone far enough, and furthermore, that other existing defects have not been dealt with.

Under the proposed legislation the power of holding an inquiry pursuant to the Inquiries Act is continued. Nevertheless, the changes proposed permit:

(*a*) the hearing officer to be appointed by the Tax Review Board upon the application of the Minister of National Revenue,

(*b*) the person whose affairs are being investigated is entitled to be present, and to be represented by counsel, and

(*c*) the hearing officer may, upon application by the Minister, exclude the person whose affairs are being investigated, and his counsel, if their presence would prejudice the conduct of the inquiry.

Your Committee has also noted that in matters of evasion, if the Minister of National Revenue has elected to proceed by way of a criminal prosecution, no liability for any ministerial penalty may be levied *unless* such penalty was assessed *prior* to the laying of the information or complaint.

Finally, the saving provision relating to the prevention of double ministerial penalties as found in Section 56, ss 3 of the present legislation, is omitted from the proposed legislation.

Your Committee recommends the following:

1. that in respect of inquiries into the affairs of a taxpayer under the proposed legislation:

(*a*) the appointed hearing officer should not be an official of the Department of National Revenue,

(*b*) the taxpayer whose affairs are being investigated should be entitled either personally or through counsel, to cross-examine all witnesses and should also be entitled to receive a copy of the transcript of all evidence taken at such inquiry, and

(*c*) any order excluding from an inquiry the taxpayer whose affairs are being investigated, or his counsel, should be subject to immediate review by a judge of the Federal Court of Canada;

2. that the double jeopardy provision should be expanded so that if the Minister of National Revenue elects to proceed against a taxpayer by way of information or complaint, the Minister cannot as well levy a ministerial penalty; or, conversely, if the Minister elects to proceed against a taxpayer by way of ministerial penalty, the Minister cannot as well commence criminal proceedings by way of information or complaint; and

3. that the saving provision contained in Section 56, ss 3 of the present Act be introduced into the proposed legislation.

VALUATION DAY

With the introduction of a capital gains tax in Canada, it is essential that such a tax should not apply to any portion of ultimate proceeds of disposition which represent simply a recovery of original cost. This was the error of the White Paper when it originally proposed that capital property should generally be valued at fair market value at Valuation Day.

To some extent the foregoing error has been corrected by the introduction of the concept popularly referred to as the "tax-free zone". Gains will be included for taxation purposes only to the extent that the proceeds exceed the higher of actual cost and Valuation Day value, and losses will be deductible only to the extent that the proceeds are less than the lower of actual cost and Valuation Day value.

Your Committee commends the Government for introducing this concept in the proposed legislation. However, the Committee regrets that the Government did not see fit to provide that property acquired by a taxpayer prior to June 18, 1971 by way of gift, bequest or devise should be deemed to have been acquired at a cost equal to the fair market value of the property at date of acquisition. Such a provision would be inconsistent with the proposed treatment of property so acquired after December 31, 1971.

Your Committee recommends that provision be made in the new law to the effect that property acquired by way of gift, bequest or devise prior to June 18, 1971 be deemed to have been acquired at an amount equal to its fair market value at date of acquisition for the purpose of calculating any taxable gain but not for the purpose of calculating any allowable loss.

EPILOGUE

The foregoing sets forth the observations, opinions and recommendations of your Committee on the briefs presented and witnesses heard up to and including the 27th day of October, 1971. It is therefore of a preliminary nature only.

Your Committee intends to present a second report after the termination of its hearings covering submissions made subsequent to October 27, 1971.

Some of the topics with which your Committee intends to deal in its second report are:

1. professional income on an accrual basis,

2. new rules applicable to partnerships and to trusts and their beneficiaries,

3. the treatment of mutual funds, investment corporations and clubs,

4. investment income of private corporations,

5. Canadian income of non-residents such as withholding tax, branch tax, non-resident owned investment corporations, capital gains of non-residents,

6. corporate distributions,

7. natural resources (other than those already dealt with) for example the pulp and paper industry,

8. mutual funds (registered retirement savings plan),

9. treatment of income of insurance companies

10. the ability of recipients of all forms of lump sum payments to avail themselves of general and forward averaging even though they elect the equivalent of section 36 averaging in respect of the pre-1972 portion of such payments.

11. Tax incentives for fixed income securities.

Your Committee finally notes with approval that the proposed legislation has been the subject of discussion at the recent conference between the Minister of Finance and his counterparts in each of the provincial governments. It is to be hoped that these will be continuing discussions. The Committee's views as to the need for these consultations in order to develop a unified tax system are adequately expressed in its report on the White Paper "Proposals for Tax Reform" where it was stated:

"Your Committee, however, wishes to again express its appreciation of the Government's desire to work closely with the provinces in an attempt to evolve with the passage of time a symmetrical taxation system, and it urges the Government to continue its quest for the attainment of this highly desirable goal."

Respectfully submitted,

Salter A. Hayden,
Chairman

THE SENATE

Tuesday, November 9, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

H. Carl Goldenberg, Esquire
George Clifford van Roggen, Esquire
Sidney L. Buckwold, Esquire

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following honourable senators were introduced; presented Her Majesty's writs of summons, which were read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk and were seated:

Hon. H. Carl Goldenberg, of Westmount, Quebec, introduced between Hon. Mr. Martin and Hon. Mr. Forsey.

Hon. George Clifford van Roggen, of Vancouver, British Columbia, introduced between Hon. Mr. Martin and Hon. Mr. Nichol.

Hon. Sidney L. Buckwold, of Saskatoon, Saskatchewan, introduced between Hon. Mr. Martin and Hon. Mr. Croll.

The Hon. the Speaker informed the Senate that each of the honourable senators named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Public Accounts of Canada, Volume II, for the fiscal year ended March 31, 1971, pursuant to section 55(1) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Copies of Regulations respecting deleterious substances in the form of effluent from pulp and paper mills.

Report of the Canadian Dairy Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 22 of the Canadian Dairy Commission Act, chapter C-7, R.S.C., 1970.

Copies of a joint communiqué, dated November 7, 1971, on the visit to Canada of the President of the Socialist Federal Republic of Yugoslavia, His excellency Josip Broz Tito.

Copies of correspondence, dated November 3, 1971, exchanged between the Secretary of State for External Affairs of Canada and the State Secretary for Foreign Affairs of Yugoslavia, concerning recent discussions between the two countries respecting exchanges in science and technology.

Capital Budget of the Canadian Film Development Corporation for the fiscal year ended March 31, 1971, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1970-1850, dated October 27, 1970, approving same. (English text).

Capital Budget of the Canadian Film Development Corporation for the fiscal year ended March 31, 1972, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1971-1511, dated July 23, 1971, approving same. (English text).

• (2010)

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the names of Messrs. Hymmen, Deakon and Stewart (Cochrane) had been substituted for those of Messrs. Caccia, Hymmen and Guay (St. Boniface), and that the names of Messrs. Marchand (Kamloops-Cariboo) and Osler had been substituted for those of Messrs. Gibson and Stewart (Cochrane) on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—ADDITION TO COMMITTEE MEMBERSHIP

Hon. John M. Macdonald moved, with leave of the Senate and notwithstanding Rule 45(1)(*h*):

That the name of the honourable Senator O'Leary be added to the list of senators serving on the Joint Committee on the Library of Parliament; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

STATUTORY INSTRUMENTS

PROPOSED STUDY OF PROCEDURES BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—MOTION WITHDRAWN

On the Motion:

That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee.

Hon. Paul Martin: Honourable senators, this motion stands in my name. It need not be proceeded with, because the Senate has already acted on the suggestion that we join with the other place in the establishment of a joint committee pursuant to the Statutory Instruments Act.

Hon. Mr. Flynn: Do you mean you had originally intended to speak and now you find that it is not useful to do so?

Hon. Mr. Martin: We will have the opportunity later on, as will the Leader of the Opposition.

The Hon. the Speaker: The motion has not been put and the Leader of the Government is asking that the motion be now withdrawn. At the request of the honourable Senator Martin, this motion is withdrawn.

Hon. Mr. Flynn: No, it is adopted. How can you speak on a motion that has already been adopted?

Hon. Mr. Martin: One day in my absence the invitation from the other house carried on a proper motion made by Senator McDonald. I was unaware, although the motion stood in my name, that we agreed to the appointment of members of the committee. For these reasons it is not necessary to proceed with the motion standing in my name.

Hon. Mr. Flynn: It cannot stand once it is adopted.

Hon. Mr. Martin: It was placed on the Order Paper before I was aware that the House of Commons wished to join with us in setting up such a committee.

Hon. Mr. Flynn: From my viewpoint it is senseless.

Motion withdrawn.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—DEBATE CONTINUED

The Senate resumed from Wednesday, November 3, the adjourned debate on the inquiry of Hon. Mr. Martin, calling the attention of the Senate to the Canada-U.S.S.R. General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

Hon. Andrew Thompson: Honourable senators, I have read with much interest the speeches which were made in the Senate concerning the recent visit of Premier Kosygin. I think that all of us would agree that it is an encouraging sign for better world understanding when leaders of nations embark on global visits outside their traditional ideological regions. This seems to be the year for such travel. President Nixon will be visiting the People's Republic of China and the Soviet Union. Mr. Brezhnev has recently visited France. President Tito has just visited the United States and Canada. Senator Cameron documented the sequence of the initiatives by the Prime Minister which led to the visit of Mr. Kosygin.

Small nations such as Canada are playing a significant role on the international scene. In order to re-examine and re-define familiar world patterns, Willy Brandt removed some of the hostility of over a quarter of a century with such moves as the recognition of the Oder-Neisse Line. Today there are momentous decisions resulting not from the agony of war but from painstaking negotiation.

The General Assembly has now admitted the People's Republic of China to the United Nations, and Britain has voted to join the European Common Market. In this process of re-defining familiar world patterns, Canadians are retaining a realistic knowledge that, through geography, language, trade, and a general similarity of democratic institutions, our closest ties are with the United States of America. An acknowledgement of this fact does not exclude Canada from looking to developing friendly relations with other nations.

Contained in all the Senate speeches concerning Mr. Kosygin's visit was an acceptance that we should try again to embrace the renewed call by the U.S.S.R. for international co-operation. The Leader of the Opposition said:

> Aware as I am of the fact that the U.S.S.R. is now calling for "international co-operation" across ideological barriers in terms that go far beyond the "peaceful co-existence" of bygone days, nevertheless I cannot bring myself to forget those fruitless periods of so-called "peaceful co-existence" and the "building of bridges of communication."

Over the years whenever there was initiative on the part of the Soviet Union to build bridges of communication, one member of the Senate who always maintained the hope that such bridges could be built was the honourable Senator Paul Martin.

Hon. Senators: Hear, hear.

Hon. Mr. Thompson: I recently read some of the speeches made by Mr. Vishinsky in the United Nations when he lashed out at Canada's representative, the Honourable Paul Martin, for his condemnation of the ruthless annexation by the Soviet Union of over 103 million people. I therefore marvel that on the occasion of another visit, yet another call for building bridges of communication, Senator Martin, despite those earlier rebuffs, once again steps forward with tireless vigour and dedication to answer the call.

• (2020)

I noticed that the Leader of the Government, in referring to the agreement between the Soviet Union and Canada, said:

> We were looking toward an agreement a few years ago on broad exchanges with the U.S.S.R. The agreement might have been obtained much earlier, but for a temporary setback in relations which occurred as a result of disturbances in Central Eastern Europe about three years ago.

By "temporary setback" I assumed he was referring to the movement of tanks of the Soviet Union into Czechoslovakia.

We all know that when the occasion demands, the Leader of the Government can speak with as much bite, and has as passionate a regard for the freedom of the individual as any one in this house, but if he feels it serves the purpose to speak in a softer tone he can do that with great ability. The Leader of the Opposition on this occasion said that perhaps the time had come to make an act of faith in the goodwill of the U.S.S.R. in order to determine whether we can restore the concept of peace from its present debilitated condition to one of vigorous good health.

I am making these statements because I believe there are people in this country, particularly those with eastern European backgrounds, who are not aware that in every party represented in Parliament there is a commitment to the freedom of the individual. This commitment transcends any party consideration. As Canadians we have always upheld the objective of bringing about this freedom of the individual throughout the world.

When I was a guest at a luncheon in Mr. Kosygin's honour, I could not help having considerable scepticism concerning this offer to build bridges of goodwill. I was thinking of the statistics of the massive military might of the Soviet Union; the fact, for example, of their nuclear armaments. They have over 380 nuclear armed submarines and they are building ten more every year.

It is not long ago that I was in Austria watching the anguish on the faces of Czechoslovakian refugees as they waited at the airport to travel with me to a new homeland. It is not that long ago that members of both houses endorsed the opening of Canada to over 40,000 Hungarian refugees, many of whom had crawled through barbed wire in order to get to freedom. It is not that long ago that some who live in Canada witnessed brutality inflicted on their relatives by the might of the communist system.

I talked with a few of these Canadians this weekend, some of whom were former members of Parliament. They love freedom and the parliamentary system. They were people who were distinguished for their contribution to their former country and society. They showed me pictures of men who looked like His Honour the Speaker, the Government Leader, and the Leader of the Opposition.

They said that within the sanctity of their parliament they were told what was to be their fate when the communist system swept over their country. One night there was an order for the arrest of members of parliament, judges and other intelligentsia, which stated that care was to be taken to ensure that these operations were "carried out without disturbance and panic, so as not to permit any demonstrations and other troubles not only on the part of those deported, but also on the part of a certain section of the population".

[Hon. Mr. Thompson.]

In one night, in one small democratic country, over 40,000 men and women were herded into cattle cars and carried off; others were beaten and shot. Many had relatives in Canada who have received no news of them, and who, despite the fact that they know of the belief in freedom of the leaders of our Government and Opposition, felt they were obliged to protest when Mr. Kosygin came to Canada. Frankly, I was thrilled when I read that a ram's horn sounded the traditional call of the Jewish people in the streets of Ottawa; that 7,000 Jews, with solemn dignity, came to protest in the only way they knew, peacefully, against the suffering of their people in the Soviet Union. I was proud of those moderate Canadians who stood silently in the rain, demonstrating on behalf of their people, whether in the Ukraine, the Baltic, or the Soviet orbit. To me, these orderly, peaceful demonstrations showed the virility of our democracy. To those who belong to the majority groups, and who may not readily feel compassion for refugees and families which cannot be united I would say, paraphrasing John F. Kennedy, that those who make peaceful dissent impossible will make violent dissent inevitable.

The members of the Senate who appeared before the second most powerful man in the world asked him questions as free men. I was proud to listen to Senator Croll's speech, and to hear the questions asked by himself and Senator Yuzyk, and of the part played by Dr. Haidasz, Mr. Deakon, and others. I was proud to have the opportunity, on behalf of my wife's people, of handing to the interpreter standing beside this second most powerful man in the world the names of some families who are hoping to be re-united. I was able also to hand to the interpreter a document containing some of the reasons why people are unable to leave Estonia, one of which is that it costs the equivalent of $500 to obtain a visa. This is a lot of money for many Estonians. Another fact is refugees who have settled in Canada, and who are still hoping to keep in touch with and give comfort to their relatives in their former land, are paying an import duty of over 1,000 per cent, and they are not allowed to send second hand clothing.

• (2030)

Honourable senators, there are some who feel that protest is foreign to Canada. In looking at our country and at the United States, I would say we must recognize that this approach to dissent, by protesting in groups, is going to be very much a part of our political scene.

I read the report to the President of the United States by the National Commission on Causes and Prevention of Violence. A study which was done in 1968 indicated that, even at that time, in the major cities of the United States there were seven demonstrations a day. Whether we like it or not, confrontation, as a method used by minorities to express their aspirations, is going to be part of the political picture.

Over the weekend I read an article in the *Canadian Bar Review*, by Dr. Mark MacGuigan, entitled "Democracy and Civil Disobedience". I know that some of us would like to hark back to former times and say that this kind of protest or confrontation is foreign to the history of either Canada or Britain. In his article, Dr. MacGuigan points to a study in which there was a behavioral analysis of such

civil confrontation in the period between 1948 and 1965. It took into account only violent events and provided a profile of political violence in 84 countries. In this analysis the country which ranks first, having the least number of these confrontations, is Finland with a score of zero. Indonesia is last, with a score of 190. Canada stands seventeenth with a score of 10, and the United Kingdom twentieth with a score of 17.

Dr. MacGuigan refers to a recent essay by Professor Kenneth McNaught, in which he pointed out that confrontation has been very frequently an essential ingredient in Canada's historical evolution. He goes on to say that, apart from such major events as the rebellions of 1837 and 1838, the Riel rebellions of 1869 and 1885, the anticonscription riots in Quebec City in 1918, and the Winnipeg general strike in 1919, Professor McNaught has discovered that between 1876 and 1914 there were at least 33 interventions in strikes by the military and five occasions on which troops were called out to control Orange-Catholic rioting. He concludes that the confrontation of protest for reforms is an integral part of our political processes.

I think that there is also a tradition of non-violent confrontation which is part not only of the spectrum in Europe but also in Canada. I suggest that Daniel O'Connell used such a type of non-violent approach in order to wage a victorious campaign on behalf of Catholic rights in Ireland. I suggest that the Mennonites and the Quakers in the 17th century also demonstrated the effectiveness of this approach. This concept was espoused by Thoreau and Tolstoy in the 19th century and by Gandhi and King in the 20th century.

Those people who feel they have a justifiable cause to protest, but need an example of a method by which to protest successfully, can look to Martin Luther King. Martin Luther King stated that acquiescence and violence are morally unacceptable. He considered acquiescence cowardly, and violence both impractical and immoral. Jerome Frank made a study of this whole subject, and in his book *The Psychology of Non-Violence* he points out that the effective fighter, in order to achieve his end through non-violence, does it through his candor, his courage, his sense of responsibility and his personal dignity. By demonstrating the highest moral principles he continuously reminds himself and his adversary that he is not only human but is a better human specimen than his opponent. The non-violent fighter tries to win by turning the opponent's values against him by morally embarrassing him.

I would suggest that the Canadians of Jewish, of Ukrainian and of Baltic background, as well as those of other ethnic origins, demonstrated with a quiet dignity when they stood in the rain and through the night to show their protest to the system which Mr. Kosygin represents. By the quiet and dignified manner of their protest, I think they were showing courage and a sense of responsibility with an emphasis on the highest moral principles. But unfortunately you also get people who will destroy the efforts that such people have made, and here I am thinking of those who would resort to violence. The great irony is that the young man who posed as the fighter for freedom has dispelled any regard for freedom when by his very action he abused it. In my view not only did he destroy his credentials as a fighter and as a believer in freedom by grabbing the elderly Mr. Kosygin, but he also caused the loss of respect for his particular cause on the part of the general public across Canada.

• (2040)

It is also my view that those who control television have a responsibility when there is protest—and here I agree with Senator Cameron—and I am not sure that they have yet learned to assume their responsibility in reporting protest demonstrations. It seems to me that they focus too much on the sensational. I think that in the case of this young man Matrai and the dishonour which he brought not only to the cause he espoused but to all people of European background in Canada who were demonstrating, as well as Canadians generally, the television medium, in focusing on him, failed to provide balance with the articulate voice of responsible leaders and showed an approach which will only encourage violent protest.

Honourable senators, I wanted to talk about protest because while we all welcome visits by leaders from other countries and the opportunity to have dialogue with them, I do not think that we should feel that legitimate protest does us any disservice. We must keep in mind that peaceful demonstrations by minority groups can take place only in a free country. I think that these demonstrations, carried out in a peaceful and orderly manner, indicate to leaders such as Mr. Kosygin the vitality and strength of our democracy and emphasize our concern for the rights of individuals throughout the world.

Hon. Ernest C. Manning: Honourable senators, before I crave your indulgence to make some observations on the motion currently before us, may I say how delighted I am, and I know in this I am joined by all in this house, at the addition to this assembly of the three honourable senators who have joined us this evening.

Hon. Senators: Hear, hear.

Hon. Mr. Manning: I should like to say to Senator Goldenberg, Senator van Roggen and Senator Buckwold that from my own experience in the relatively short time I have been in this house I am sure you will find your presence here and your participation in the work of the Senate stimulating and rewarding in many ways. I am confident that you will come to enjoy and appreciate the friendship of a body of men and women who represent a great many years of experience not only in the field of public service but in many of the walks of life pursued by the people of this country.

I listened, as I am certain all honourable senators listened, with attention and appreciation to what has just been said by Senator Thompson. I find myself in very substantial agreement with much of what he has said. My reason for entering the debate is that I feel strongly there are other aspects of the subject under discussion that should be examined by all of us and should be placed on the official record of this house.

Under ordinary circumstances the subject matter of this inquiry would have very limited significance and importance. There is nothing unusual about the head of a foreign government visiting this country, and there is nothing unique about a joint communiqué couched in

diplomatic generalities being issued at the close of such a visit. The same is true of the General Exchanges Agreement signed by the Prime Minister of Canada and by the Chairman of the Council of Ministers of the U.S.S.R. What gives this debate significant and important dimensions is the fact that certain of the circumstances relating to Mr. Kosygin's visit were far from being ordinary. Senator Thompson pointed out that Mr. Kosygin represents the government of the most ruthless totalitarian world power of modern history, a government that has repeatedly resorted to military aggression and used its vast military might to crush into subjection a whole list of small neighbouring nations. In the words of Churchill, it has "rung down an iron curtain behind which the light of freedom has been extinguished, and millions of once free people are held fast in the iron fist of this ruthless dictatorship".

We cannot shut our eyes to the fact that Mr. Kosygin represents a government that has abolished free elections and has banned freedom of the press, a government that denies to its subjects freedom of expression, freedom of movement and the right to dissent. In Canada, on the other hand, we are a nation whose people hold that human dignity and personal freedom are the inalienable rights of all human beings.

• (2050)

We profess allegiance to a way of life that respects spiritual verities, the processes and institutions of democracy, the rule of law, freedom of the press, the right to dissent, and the right of every individual to decide and pursue his own interests and desires within the framework of a free and democratic society. The Canada which Mr. Kosygin visited is a nation which shares the North American continent with a neighbour nation, also a world power, but one whose free and democratic way of life is in many respects at variance with communist dictatorship but more parallel to our own, a nation with whose destiny and future we are inseparably linked, not only because of our mutual interests and heritage but because our economy, our standards of living, and our national security are all dependent on our close and continuing relationship with the United States. These factors prevent Canada from playing the role of an unaligned nation in matters of foreign policy and international relations. The ideological convictions and the national interest of the Canadian people dictate that we remain a nation committed to the concepts of life and government which we share with our southern but not with our northern neighbour.

It is against this background that the Canadian-U.S.S.R. General Exchanges Agreement and the Canadian-Soviet Communiqué should be assessed in the context of a series of recent developments in the field of Canadian foreign policy. These developments include the publication of the White Paper on Canadian Foreign Policy which stressed a new role for Canada in international affairs. What that role was to be was not stated in precise terms, but the implication was that Canada intended to establish a more independent status. There was to be an extension of Canadian domestic policy into the field of international relations. Our sovereignty and our domestic interests were to become more and more the number one concern. It is not unreasonable to suggest that these statements were intended to counter a certain measure of public criticism that in the past Canadian foreign policy had been unduly influenced by the United States.

About the same time as the White Paper was issued an increasing number of statements were made by federal Government spokesmen critical of United States economic influence in Canada. They asserted the Government's intention to insist on more rigid control of United States companies operating in this country and, in general, a lessening of United States influence in Canadian affairs. Some of these statements were intemperate and ill-advised and they contributed significantly to the fostering of emotional negative nationalism which was fanned by the mass media, by the socialistic element among pseudo intellectuals, and, of course, by the NDP and other anti-American political factions. I am aware that the Government of Canada denies that any anti-American sentiment was intended to be conveyed by those statements, but we must face the fact that this is not the impression of Canadian citizens, and it is not the impression of some men who, over a long period of time, have been staunch supporters of the present Government of this country. Comments have been made by Mr. Bruce Hutchison, to which reference was made by a previous speaker in this debate. These comments appeared in the Ottawa *Journal* on October 27. Mr. Hutchison has been a staunch supporter of the Liberal Government for a long time. In this article he expresses in strong terms his impression of the feeling which has been created by the actions and statements of the present Government. I quote:

> How, one is constrained to ask, could the Government imagine that its continual anti-American gestures would bring no response from Washington, that Joe Greene's shouts at Denver, for instance, would not be heard within the White House, or that any president would ignore Mr. Trudeau's ultimate whoop of complacency—"we know darn well" that the United States will have to defend Canada no matter what Canada does or does not?
>
> To assume that these yelps and pinpricks did not penetrate and hurt our neighbours was to assume that they were not human like us. To be sure, the American public heard little from Canada, taking it for granted, as we always complain, but the American government heard all right and reacted humanly, if not wisely . . .
>
> How have we managed, in the three years of Trudeau, to reverse the healing work, the climate and the continental understanding achieved in the five years of Lester Pearson?

I call your attention to this statement because I am sure it will be accepted that Mr. Hutchison is not speaking from an anti-Government partisan bias. Then came the Prime Minister's visit to the U.S.S.R. There was nothing improper about Mr. Trudeau's visit. What rightly disturbed a great many Canadians was his use of the occasion to link Canada's desire for closer friendship with the U.S.S.R. with his expressed wish to counterbalance the presence and influence of the United States in and over Canadian affairs. I am aware that the Government Leader of this house, the Prime Minister himself, and the Secretary of State for External Affairs have all denied that any anti-American sentiment was involved.

• (2100)

But, honourable senators, such denials do not undo what was said and the conclusions drawn, not only by the media in this country and abroad but by the public and many who have commented on this matter since the time it occurred.

I hold in my hand a newspaper clipping from the Toronto *Telegram* of June 2, in which a columnist, L. J. Zink, made these observations regarding the comments of the Prime Minister in Moscow and the events relating to them:

> Mr. Trudeau's actions and pronouncements during his Soviet trip were neither simple nor guileless, and they certainly cannot be ascribed to ignorance ... in 1968 he received the report of the Royal Commission on Security which warned him in the clearest possible terms that "the main current security threats to Canada are posed by international communism and the communist powers ..." the Soviet Union is the major communist power.
>
> Also in 1968 the Soviet Union invaded and occupied Czechoslovakia whose communist government, while repeatedly affirming loyalty to the Kremlin, tried to gain a modicum of independence in the administration of the country's internal affairs.
>
> ... these Soviet actions, coupled with a rapid military buildup (particularly of the naval forces and the nuclear arsenal), and with relentless communist fomenting of subversion and "liberation struggles" around the world, heightened international tension.
>
> Yet, with these developments before his eyes, Mr. Trudeau decided, against the advice of the Parliamentary Committee on External Affairs and National Defence to go ahead with his preconceived scheme of unilateral reduction of Canada's modest contribution to western collective security.
>
> This decision wasn't made by an innocent ignoramus acting on some irrational impulse, but by a man embarking on a major re-shaping of Canada's foreign and defence policy in accordance with his life-long political theories.
>
> To Moscow, which for decades has been trying to disrupt NATO from within, the Trudeau move signalled the best possible, and indeed undreamed of, operational opportunity. For while de Gaulle's nationalistic separatism and vengeful personal anti-Americanism was an asset in the drive to weaken NATO and isolate the United States, the geographic and political-economic position of Canada in the Atlantic Alliance offered a damaging potential France could never match.
>
> The Trudeau regime thus became the prime target of Soviet "detente" and "peaceful co-existence" wooing. For if Canada, a direct neighbour and closest friend of the U.S., could be manoeuvred into a distinctly anti-American position, such a position would have deep repercussions all over the world.
>
> A subtle, indirect exploitation of the remarkably sudden blossoming of xenophobic nationalism in Canada, coupled with a crescendo of anti-American propaganda, served to prepare the psychological and political ground for Mr. Trudeau's next step: Open friendship with Moscow.
>
> The Kremlin spared no effort and expense to demonstrate the significance it attached to Mr. Trudeau's official visit.
>
> Mr. Trudeau rewarded his beguiling hosts not only with signing the friendship protocol they suggested, but with two gratuitous statements which are priceless to the Kremlin.
>
> One was his assertion in Kiev that Soviet and Canadian citizens were living under similar federal systems of government, the other was his repeated allegation of acute U.S. "danger to our identity from the cultural, economic and perhaps even military point of view".
>
> The Kiev utterance is the cruelest blow any Western politician could have inflicted on the countless millions of ruthlessly regimented people—not only in the Ukraine but throughout the Soviet totalitarian empire—who look to the western democracies for at least moral support of their aspirations of a bit more human life. Along comes the Prime Minister of Canada, their dreamland of freedom, and tells them that the political system in his country is not really much different from the Bolshevik dictatorship. No head of government of any other free country (including Finland which lives in fear of and under constant pressure from Moscow) has ever come anywhere near rendering such a macabre service to the Kremlin.
>
> And on top of that Mr. Trudeau tells the world from Soviet soil that Canada is in such a danger of being smothered by the U.S. that he finds it necessary to seek Moscow's support for the preservation of Canadian identity and independence. No wonder the butchers of Hungary and Czechoslovakia were falling over themselves in honouring Trudeau.

Honourable senators, the conclusions drawn by this writer may be expressed in language that inclines to the extreme, but this does not render the conclusions invalid nor does it obscure the fact that similar conclusions were drawn by countless others, both in this country and abroad.

Then came Mr. Kosygin's return visit to Canada. I find it interesting that the head of one of the greatest world powers of our day was so willing and ready to return so quickly the visit of the Prime Minister of this country. Soviet premiers in the past have not been in the habit of visiting Canada. It is equally significant that while here he did everything possible to ingratiate himself with his hosts and reciprocated the Prime Minister's comment about the United States in Moscow by criticizing Washington's recent economic measures which have adversely affected this and other nations.

There is a further chapter in this sequence of inter-related events which has been discussed by others who have participated in this debate. That is the role played by the Canadian Government in helping expel from the United Nations the representatives of the Government on Formosa and the seating of the representatives of the Peking

regime in their stead. This matter is specifically mentioned in the communiqué in these words:

The sides—

That is Canada and the U.S.S.R.

—are in favour of the restoration of the legitimate rights of the People's Republic of China as the sole representative of China in the United Nations.

• (2110)

I shall not dwell on this deplorable incident in Canada's conduct at the United Nations—conduct which, up to this point, I submit, could be defended by Canadians with a considerable measure of pride.

I found myself in substantial agreement with the conclusions expressed by Senator Grosart in his detailed analysis of this issue last week. However, I would like to add a few further comments. Canada's first step leading to her repudiation of Taiwan was to establish diplomatic relations with Peking. I shall not discuss this decision, except to say that in my opinion it was unwise, and I am convinced time will prove that it was not in Canada's national interest.

Having given diplomatic recognition to the Peking regime, Canada opened the way to repudiation of the Government of Chiang-Kai-shek.

The admission of the People's Republic of China to the United Nations was a logical and desirable step. However, making recognition of the Peking regime grounds for expelling the representatives of 14 million Chinese on Formosa, who have nothing in common with Red China other than ethnic origin, was an international disgrace.

Certainly Taiwan could not properly call itself the government of mainland China. That fact is obvious to all. But what real effort was made by those anxious to seat Red China to preserve a place in the United Nations for the government of 14 million faithful friends and allies of the nations of the remaining free world? None whatever, except that made by the United States, whose resolution Japan reluctantly agreed to co-sponsor. I submit, honourable senators, that the logical co-sponsor of that resolution would have been Canada.

Hon. Senators: Hear, hear.

Hon. Mr. Manning: Certainly on moral grounds we had an obligation to fight for the recognition of a people who had the fortitude to resist the tyranny of a communistic military takeover, and who for 22 years, with our concurrence, were recognized as an accredited member of the United Nations Organization.

Surely this was an issue on which our position and that of the United States properly should have been the same. Instead, the Canadian Government chose to make this another matter on which to take a position in opposition to the honourable course proposed by our closest neighbour and friend, and to pursue a course which was not only morally wrong, but one from which this country could not possibly have anything to gain.

I am well aware that supporters of Canada's decision to recognize Red China, and those who are enthusiastic about something worthwhile coming from efforts to establish closer ties of friendship with Soviet Russia, maintain that these steps will help Canada in the matter of international trade. I submit that that conclusion is too naive to be accepted by men with any perception and experience.

It is a fact of history that communist nations always do that which is in their own interest. If a communist nation finds that it is to its interest to trade with Canada, it will do so. It will buy wheat from Canada if it is in its interest to buy wheat from Canada. But the first day that it is in its interest to buy wheat from somewhere else, it will buy wheat from somewhere else, no matter what diplomatic relations have been established, or how many gestures of friendship have been made.

This past week we read in the press that the Soviet Union has just completed the purchase of $136 million worth of feed grain from the United States, while, at the same time, continuing its ranting against U.S. involvement in southeast Asia. When it suited her interests, the Soviet Union's condemnation of the United States did not deter her one iota from dealing with Washington rather than with Canada, whose customer in the purchase of grain she has been for years.

From this whole sequence of events, I find it impossible to draw any other conclusion than that the present Canadian Government is intentionally seeking to align this country more closely with the world bloc of communist nations, and, in the process, is doing incalculable harm to Canada's relations with her traditional friends and allies, particularly the United States.

For this reason I wish to place on record, in clear and forceful terms, a solemn warning that the course being pursued by the present Government is the height of folly and dangerous in the extreme to Canada's long-range national interest.

May I now comment briefly on a few specific statements contained in the Canadian-Soviet communiqué. On the third page it says:

The Prime Minister of Canada and the Chairman of the Council of Ministers of the U.S.S.R.—

I call the attention of honourable senators particularly to the following words.

—having set forth the foreign policy principles of their respective Governments, reaffirmed the attachment of Canada and the Soviet Union to peace and security and the development of international co-operation.

My question is: What were the Canadian foreign policy principles which the Prime Minister spelled out for Mr. Kosygin as a basis on which to begin their discussions? Did he tell Mr. Kosygin that Canada's foreign policy position is based on two fundamental considerations: first, that we share this North American continent with the United States, and that our economy, our national security and our way of life are inseparably linked with that of our southern neighbour by the facts of geography as well as our own free-will choice; second, that the ties which join us so closely with the United States are not ties imposed by the ruthless hand of military might or the tyranny of a police state, but are ties which stem from sharing a mutual respect for the freedom and dignity of men, the processes and institutions of democracy, our common belief in free elections, a free press, and the right to dissent?

Did he make clear to Mr. Kosygin that while we wish peace and friendship to prevail among all nations, including Soviet Russia, our relations with nations who reject those concepts will never be enhanced at the expense of our friendship with those who subscribe to them, including our great southern neighbour, with whose people we share an allegiance to the free and democratic way of life?

• (2120)

Did the Prime Minister start from that position to discuss closer relations with the U.S.S.R.? Of course he did not. He had already told Mr. Kosygin in Moscow that he would welcome closer ties with Soviet Russia to counterbalance the presence of the United States next door to Canada.

The communiqué continues:

> They agreed that all States, regardless of their political and social systems, should in their relations with each other steadfastly abide by the principles of mutual confidence, reciprocity, respect for independence, national sovereignty, territorial integrity and equality of all States, non-interference in internal affairs, renunciation of the use or threat of force, and the settlement of disputes through negotiation in accordance with the United Nations Charter. The sides declare that in their mutual relations as well as in solving international problems they will invariably be guided by these principles.

Honourable senators, I submit that that statement is sheer hyprocisy in the light of the historic record of Soviet Russia's action toward the once free nations who are now puppet states behind the Iron Curtain.

The communiqué states further on:

> Both sides support the objective of ending the arms race and achieving general and complete disarmament, covering both nuclear and conventional weapons, under strict and effective international control.

What credence can be attached to that statement when it is a well known fact that the Soviet Union is vigorously engaged in building up its naval strength, a nuclear arsenal, military satellites, and an inventory of intercontinental ballistic missiles on an unprecedented scale? It is an equally well known fact that Russia has repeatedly refused to permit on-site inspection by an international agency and that this has been one of the biggest stumbling blocks to curbing nuclear testing and stockpiling of nuclear weapons.

In the light of this common knowledge, how can the following statement be taken seriously?

> It is the intention of both sides to continue furthering, jointly and separately, the adoption of partial disarmament measures, including the banning of underground nuclear tests, the reduction of military expenditures, and others.

May I refer again to the excerpt from the communiqué wherein it is stated:

> The sides are in favour of the restoration of the legitimate rights of the People's Republic of China as the sole representative of China in the United Nations.

The Leader of the Government took exception to a statement by Senator Grosart to the effect that in the matter of expelling from the United Nations the representatives of the government of Chiang Kai-shek the Canadian Government had voted with the Soviet bloc. Certainly this communiqué makes it clear that in their discussions the Prime Minister of Canada and the Premier of the U.S.S.R. were in full agreement that the representatives of the People's Republic of China should be the sole representative of China in the United Nations and that the representatives of Taiwan should be expelled.

Hon. Mr. Martin: Will Senator Manning permit me to ask him a question? Is the honourable senator not aware that the purpose for that interjection was to indicate that Canada had taken that position on that particular question in the General Assembly along with every member but one who belongs to the North Atlantic Treaty Organization?

Hon. Mr. Manning: I am well aware that Canada was not alone in taking the position that the representatives of Taiwan should be expelled and the representatives of the regime in Peking be recognized as the official delegation of China, but in my view that makes not one iota of difference. If a thing is right, its rightness is not altered whether you are on the minority or majority side when a decision is made.

May I close with a brief observation about the public protests which marked Mr. Kosygin's visit? It was pointed out by Senator Cameron and others that such protests are legitimate expressions of the right of dissent which our free and democratic way of life assures to every citizen. In the case of the ethnic groups who chose to exercise this right, their actions were certainly understandable. The great majority of these people or their parents came to this country as refugees whose homelands had been invaded and raped by communist aggressors, initiated and directed from Moscow. Many had seen their loved ones and their friends martyred or imprisoned or dispatched to slave labour camps by the government of the country whose Premier the Canadian Government was welcoming and honouring as a guest. Many had themselves suffered the loss of their possessions and endured the cruelties of concentration camps for resisting the Soviet destroyers of their freedom. Many of these people are still afraid to disclose publicly what they know of life under communist rule for fear of reprisals against loved ones who did not have the good fortune to escape to the refuge of a free land. Those who did protest publicly did so because they had learned from bitter experience what the present Government of this country seems not yet to have learned despite the grim and unmistakable lessons of history, that is that there can never be friendship between communist dictators and men who genuinely respect human dignity and individual freedom.

The closest parallel to the ruthless oppression Soviet communism has imposed by force on the millions behind the Iron Curtain was the tyranny which Hitler's Nazi regime sought to impose on the world only 30 years ago. We would do well to remember the words of Sir Winston Churchill in 1939 in the British House of Commons when Prime Minister Chamberlain was defending his proposition that he had assured "peace in our time" by offering the hand of friendship to Hitler at Munich. This is what Mr. Churchill said:

• (2130)

The Prime Minister—

That is Mr. Chamberlain.

> —desires to seek cordial relations between this country and Germany. There is no difficulty at all in having cordial relations between the peoples. Our hearts go out to them. But they have no power. But never will you have friendship with the present German government. There can never be friendship between the British democracy and the Nazi power—that power which spurns Christian ethics, which cheers its onward course by barbarous paganism, which vaunts the spirit of aggression and conquest, which derives strength and perverted pleasure from persecution, and uses, as we have seen, with pitiless brutality the threat of murderous force. That power cannot ever be the trusted friend of British democracy.

I wish that we had in the Government of this country today leaders with Churchill's perception and courage.

On motion of Hon. Mr. Phillips, debate adjourned.

BUSINESS OF THE SENATE

Hon. Mr. Martin: Honourable senators, before we adjourn I would remind you that the Standing Senate Committee on Banking, Trade and Commerce will hold two meetings tomorrow, one in the morning and one in the afternoon.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 10, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of a Statement on the effect of placing certain types of men's and boys' shirts on the Import Control List, pursuant to section 5 of the Export and Import Permits Act, chapter E-17, R.S.C., 1970.

Copies of Order in Council P.C. 1971-2274, dated November 2, 1971, amending Part II of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, chapter H-3, R.S.C., 1970.

Copies of Order in Council P.C. 1971-2275, dated November 2, 1971, making regulations respecting the advertising, sale and importation of science education sets, pursuant to section 7 of the Hazardous Products Act, chapter H-3, R.S.C., 1970.

Copies of Orders in Council P.C. 1971-2276 and P.C. 1971-2277, both dated November 2, 1971, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, chapter H-3, R.S.C., 1970.

POVERTY

REPORT OF SPECIAL COMMITTEE TABLED

Hon. David A. Croll: Honourable senators, I beg leave to table the final report of the Special Senate Committee on Poverty, in English and in French. I ask permission to make a statement of explanation of the report, notwithstanding Rule 78.

The Hon. the Speaker: Is it agreed, honourable senators, that the honourable Senator Croll may make comments after the tabling of his report?

Hon. Senators: Agreed.

The Hon. the Speaker: It is agreed, of course, on the understanding that if honourable senators, especially on my left, wish to make comments, they will be free to do so.

Hon. Mr. Flynn: Mr. Speaker, the word "especially" is not necessary.

Hon. Mr. Croll: Honourable senators, I rise to speak of the work of the Special Senate Committee on Poverty, which is embodied in the report I have tabled in English and in French. An interim report was made on July 6, 1970, and a progress report on November 12, 1970. A brochure containing the highlights of the report and recommendations will be available in a short time.

I think the country should know and I now record the names of the members of the committee:

The Honourable David A. Croll, *Chairman,* Ontario

The Honourable Edgar E. Fournier, *Vice-Chairman,* New Brunswick

The Honourable Rhéal Bélisle, Ontario

The Honourable Chesley W. Carter, Newfoundland

The Honourable Harold Connolly, Nova Scotia

The Honourable Eric Cook, Newfoundland

The Honourable Raymond Eudes, Quebec

The Honourable Douglas D. Everett, Manitoba

The Honourable Muriel McQ. Fergusson, New Brunswick

The Honourable Earl Hastings, Alberta

The Honourable Elsie F. Inman, Prince Edward Island

The Honourable J. Eugene Lefrançois, Quebec

The Honourable Fred A. McGrand, New Brunswick

The Honourable Josie D. Quart, Quebec

The Honourable Arthur W. Roebuck, Ontario

The Honourable Herbert O. Sparrow, Saskatchewan

The following senators also served on the committee:

The Honourable John J. MacDonald, Prince Edward Island

The Honourable Clement A. O'Leary, Nova Scotia (deceased)

The Honourable Arthur M. Pearson, Saskatchewan

The Honourable John Nichol, British Columbia

Hon. Mr. Walker: Have you also the names of your advisers and assistants?

Hon. Mr. Croll: The committee held 93 public hearings, received 209 briefs and heard 810 witnesses. In addition, members of the committee met with hundreds of the poor in their homes and at evening gatherings. The members were devoted, concerned, and untiring in their efforts. In 1970 they gave up their holidays to travel across the country to meet and hear the poor. This year, during the summer recess, they attended many meetings of the committee in Ottawa.

During the hearings, the vice-chairman, Senator Edgar Fournier, took ill and was hospitalized. I therefore asked Senator Carter to fill his place. I received considerable assistance not only from Senator Carter but from other members to whom was given some special work in connection with the report.

Senator Fournier attended some meetings of the committee following his illness, but he took sick again and is now re-hospitalized. He made a worthwhile contribution to the work of the committee and was kept informed of its progress.

The committee owes a special vote of thanks to Senator Carter for being available at all times. He gave of himself completely, and the report has arrived earlier and is better for his efforts.

I do not propose to utter paeans of praise for the committee although it is worthy of them. In a sense this is an historic occasion for the Senate and for members of the

committee in that the report is the first of its kind ever presented.

The committee has kept faith with the thousands of Canadians with whom it met, with the millions who followed its proceedings, with those who acquainted us with the hurt and frustration of their lives, and with those who entrusted to us the task of suggesting practical remedies.

We believe that we have read the mood of the country, that the report is in tune with the times, and that we have justified the confidence reposed in us.

The report is not an accusatory document. There is nothing difficult in identifying where the responsibility lies. "The fault, dear Brutus, is not in our stars, but in ourselves. . ." It is three years since the committee was set up to investigate and report upon all aspects of poverty in Canada, and to define and elucidate the problems and recommend appropriate action.

Those are the words contained in the terms of reference, and I venture to say that no parliamentary committee in modern history had such a clear, unhampered mandate, and one of such social, economic and political significance.

We undertook our unique pilgrimage across the country with the determination to listen and learn. Our report is the result.

The men and women on this committee had widely divergent backgrounds. They came face to face with poverty in all its ugliness, misery and hopelessness. The country owes them a debt of gratitude for their wholehearted co-operation and dedication. They saw at first hand the blighting effects of poverty on physical and mental health, and its degrading influence on the human spirit. The results of the confrontation with the realities in the lives of the working poor and the non-working poor are reflected in the report and its recommendations.

What we have attempted to do is define and diagnose poverty in its Canadian context, and to describe what we believe must be done if five million Canadians are to break out of the monstrous trap in which they are now hopelessly pinned. But let me make it perfectly clear, honourable senators, that we have no panacea, no overnight solution for this great social problem. It would be presumptuous and foolhardy for us or anyone else to make such an exaggerated claim.

But we do say we have conceived from our experience of the past three years a Magna Carta for the dispossessed. We have opened a door to a world the poor have never before been allowed to enter. There is no joy in being poor, or to feel overwhelmed and neglected in a money-oriented competitive society. It is easy for many of us to overlook poor people—because they are invisible, living in remote rural locations, in urban ghettos, rarely visited by other Canadians. They are the silent ones—the neighbours most of us have never met. They are the non-persons in our society.

We believe the recommendations in this report, if implemented in a phased program perhaps lasting as long as the seventies, will open a vista of hope for the low-income Canadian families, but it will remain no more than just another dream unless it receives an endorsement and a commitment from the Canadian people and the Government of Canada.

We are not proposing that the obsolete and archaic welfare system—and I will deal with this at greater length in a few minutes—be replaced simply by giving money to the working poor and the jobless. Our purpose is not to put another label on the existing system. The committee's concern is to keep the working poor off welfare and to raise those who are on it to a level of self-sufficiency. It is not enough to free people from poverty; they must be taught how to use this freedom for their own benefit and the benefit of all Canadians.

The Senate Committee opened a dialogue with the poor of Canada. Frank and open communication was established, and now we present this report in the hope of continuing the dialogue with the more fortunate majority who, after all, are footing the bill, and who will be called upon to continue to provide most of the tax dollars required. What we are proposing, in essence, is an income-maintenance-incentive plan, one that will restore dignity, pride and self-confidence to people long victimized by the economic order which has produced the good life for others but not for them.

This plan has a philosophical basis which is essential to its success—and which is conspicuously lacking in the existing social welfare system—a clearly defined work incentive. We want the working poor, the disadvantaged citizens of this country, to participate in their own salvation, if that is not too strong a word to use. All that we have learned in three years of contact with the poor convinces us that a system that robs a man of the incentive to work, that makes it more profitable to stay on welfare than to work, is a degrading, inhuman, soul-destroying scheme. All experiments, whether pilot or special, of which we are aware to date, show that incentives help encourage the heads of working families to earn more and not less.

The time is long overdue when we must rid ourselves of myths which we have long accepted as facts. In our attitudes toward the poor we have been passionately wrong with a high degree of consistency. Good intentions alone have never lightened the burden of poverty. The ugly subculture of poverty has become a way of life for generations of Canadians who are victims of frustration, despair and apathy.

The existing welfare system is a social wasteland, and an economic morass into which we have poured more than $6 billion a year without reaping any but the most meagre returns.

We say it must be scrapped because it is obsolete, lacking in regard for human values, and unable to alleviate poverty, let alone eliminate it. It has no defenders, only offenders. The report says:

> The system has failed because it has treated the symptoms of poverty and left the disease itself untouched. It certainly does not reach the working poor, that vast army in the labour force whose income is grossly insufficient.

This is tough language, an indictment which should shake all Canadians out of a complacency that has helped to perpetuate the wrong approach to combating poverty.

Time and time again at its public hearings and in the course of its nationwide travels, the committee was confronted with the grim evidence of a well-meaning society's failure to grasp the true significance of poverty and its cancerous effects not only on the individual but on the whole community. It is all too apparent that one of the contributing causes of the failure of the existing social welfare system is society's lack of commitment to anti-poverty programs. We fashioned a social welfare machine, lubricated it with our dollars and then turned our back on its operation.

We insulated ourselves from any misgivings by conveniently taking refuge in the myths about poverty. The poor don't want to work, we said; they are lazy and content to live on handouts; they are chronic complainers. They won't help themselves; they are anti-social, and so on and so on.

The committee, after three years of seeing them, emphatically rejects these false and long-held assumptions. If the poor are always with us, as we hear so often, then why haven't we planned for them?

As the report says:

> We have forgotten that the welfare system was designed merely as a supplement to the economic system and not as an alternative to minimum wages. It provides for certain particular groups: the handicapped, the aged, the unemployed and those unfortunates who are unable to support themselves. But it does not reach the working poor. Sixty per cent of the poor are not on welfare.

There was a time when the retarded child was virtually hidden from the world and kept in isolation. There was a time when we avoided saying, "Death was due to cancer." We faced up to the problem of mental retardation and to the existence of cancer. We have made considerable progress in their alleviation. So we must face up to the issue of poverty and choose our options from those available to us.

Many times in our history we have declared war on poverty. Banners have been unfurled, trumpets have sounded, brave speeches have been made on the eve of battle, but never has the battle been fought. There have been skirmishes but not wars. This shallow and inconclusive contact with the enemy appeared to satisfy the collective conscience of the more fortunate majority.

If we are going to commit ourselves to a major offensive against poverty, a war that must be waged on many fronts, it must be done by more than the spending of huge sums of money. As I have said, we must rid ourselves of prevailing attitudes and prejudices about those who live below the poverty line. It simply is wrong to conclude that the poverty problem will solve itself as the economy booms. This has been proven wrong. In the sixties when our economy was booming, our poverty rate continued to grow and the welfare rolls increased.

We must open the door of opportunity for a productive, satisfying life for those five million Canadians who today exist in a vacuum. Our national will must be put to the test. Are we satisfied with the system we have, or do we want something better? Can we devise a system which at once is more efficient and more decent in its approach to human beings? The answer, of course, must be yes.

The time has come for us to move from welfare strategy to income strategy; from services to money; from hopelessness to hope; from despair to destiny. An income-maintenance-incentive plan will achieve that.

On economic grounds alone there is a powerful case for giving the poor their own bill of rights. The gross national product, the sum total of goods and services produced in Canada, would be increased by approximately two billion dollars a year if the poor could make a normal contribution to the nation's productivity. We are all losers by their non-involvement.

But there are also compelling humanitarian grounds to which one cannot attach a dollar value, the factors of social betterment, well-being and community harmony. The last is not to be taken lightly. The poor are groping for unity, for effective means of voicing their frustration, and we would do well to heed them. We must remove their sense of alienation. We must stop treating them as second-class citizens for no other reason than that they are economically deprived. Non-persons belong to another ideology.

Welfare is an attempt to deal with distress that is left over after all specific means of social policy have done their work. The existing social welfare system, dehumanizing, inadequate and falling far short of even minimum goals, must be dismantled. All the evidence presented to the committee overwhelmingly endorses this view. As a result of poor planning, overlapping and fragmented services, the poor lack the information vital for the optimum use of these services. No amount of tinkering with this obsolete welfare apparatus can make it an effective instrument for the 1970s and beyond.

The crucial question we faced, as a committee charged with the responsibility of recommending a more effective and meaningful system, was what kind of a program should take its place? We receive many definitions of poverty, many suggestions, and it was our task to fix as best we could the dimensions of the problem and the factors contributing to it.

Our concern was in three main areas: subsistence, which is the minimum income necessary to maintain health and working capacity; inequality, which speaks for itself; and externality, which deals with the social effects of poverty on the rest of society.

We received, considered and discarded many proposals made to us. We were not seeking a Utopia or an instant solution for a vast and complex problem. Happy are those who solve the problem in fifty lines, or over a television interview. We wanted to evolve a radically new approach that would be imaginative yet able to withstand the test of economic and social realities. We listened to the experts, to the professionals, to lay persons, and we listened to the voice of poverty itself, which speaks thunderously in this country.

• (1430)

The committee members agreed that what is defined as poverty must change continually as general living standards change—a principle that governments seem to have neglected. In this sense we say that poverty's definition can never be precise and invariable. The poverty line established by the committee is a compromise solution

which takes budgetary needs as a starting point, and adjusts the resulting line to take account of the yearly increase in average income. We fixed a poverty line as an operational definition of poverty.

We discard the grocery-basket concept as well as the subsistence concept. We take budgetary needs as a starting point and adjust the poverty line to take account of yearly increase in average wages. We define and fix it in terms of adequacy—one-half of average income—and make allowances for inflation as indicated by the Consumer Price Index and the standard of living by increases in the gross national product. So it will remain a relative, changing concept, and can never become obsolete.

We sifted the vast volume of evidence placed before us. It amounted to more than five million words. We came to the unanimous conclusion that there must be a major departure in our approach to anti-poverty programs. To this end we made a series of interdependent recommendations which must be considered as a whole and not as single entities. Some call for new concepts for reaching social goals. Others relate to updating and improving worthwhile aspects of what is now in effect.

At this point I would ask the house to permit me to put on record a summary of the recommendations with respect to 13 areas of concern contained in the report.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The Summary of Recommendations follows*)

The recommendations in this report provide the basis for a comprehensive Canadian anti-poverty program for the seventies. The individual recommendations are important, but their significance also lies in their interdependance. Their effectiveness depends on the extent to which they are integrated into an over-all strategy. From the Committee's point of view, the most important of these recommendations are those which involve new concepts, structures, and approaches intended to achieve a new social goal. In this summary, these recommendations are presented first.

The other recommendations relate to existing structures and practices and are intended to improve and update the systems which are now in effect.

Recommendations with Respect to a Guaranteed Annual Income:

1. that the Government of Canada implement a Guaranteed Annual Income (G.A.I.) program using the Negative Income Tax (N.I.T.) method, on a uniform, national basis.

2. that the proposed G.A.I. program be financed and administered by the Government of Canada.

3. that the proposed G.A.I. plan be designed to cover all Canadians who need it. Initially G.A.I. would not cover residents of Canada who are not Canadian citizens and Canadian citizens who are single unattached individuals under forty years of age.

4. that Basic Allowance Rates under the G.A.I. be set initially at 70 per cent of the poverty line for each family size as determined by the methods outlined in this report and raised progressively as quickly as possible.

5. that the G.A.I. plan incorporate a work-incentive mechanism to ensure that those who work receive and keep more income than those who do not. It is proposed that initially Basic Allowances be reduced at the rate of 70 cents for every dollar of other income.

6. that income-maintenance under the proposed G.A.I. plan be divorced from the provision of social services. The provision of social services would remain the responsibility of provincial governments.

7. that the Canada Assistance Plan (C.A.P.) be retained and up-dated to serve as a vehicle for federal-provincial co-operation and cost-sharing in the delivery of social services. C.A.P. would also be used to cover, on a "needs" basis, those not covered initially by the G.A.I.

8. that all existing federal income-maintenance legislation be progressively repealed. Social-insurance programs such as Unemployment Insurance, and the Canada Pension Plan, would be retained, as would certain contractual programs such as Veterans' Allowances and programs related to Canada's native peoples. The G.A.I. would immediately replace the Family Allowance, Youth Allowance, and Old Age Security programs, operated by the Federal Government.

9. that the G.A.I. program be based on the principle that no one would receive less income under the G.A.I. than he or she now receives from other federal programs such as Old Age Security and income supplements. Other allowances or insurance payments would be treated as "other income" and augmented through the G.A.I. program where they are less than the G.A.I. allowances.

10. that income tax exemption levels be raised so that no Canadian whose income is below the "poverty line" would be subject to income tax.

Recommendations with Respect to "Poverty Lines":

1. that the method developed in this report (see Appendix) be adopted by the Government of Canada. This method relates poverty to a measure of the "average standard of living" and is sensitive to changes in national average incomes and family size.

2. that the poverty lines established through this method and updated annually be accepted as a basic social indicator and be used to measure the extent and dimensions of poverty in Canada and their changes.

3. that these "poverty" lines be used as a basis for the G.A.I. program proposed in this report.

Recommendation with Respect to a Council for Applied Social Research:

1. that a Council for Applied Social Research be established at the national level,

a) to be responsible for comprehensive human-resource development and social-welfare research of an applied nature;

b) to co-ordinate and encourage the dissemination of the research information available on social problems, and on poverty in particular;

c) to conduct and disseminate applied research on social problems;

d) to develop national social indicators;

e) to be concerned with research on social problems as they affect groups within our society—the young, the old, single heads of families, and native, immigrant, and other minorities, etc.; and

f) to be responsible for development and refinement of the G.A.I. proposal made herein and to prepare plans for implementation.

Recommendation with Respect to Workmen's Compensation:

1. that the Federal Government take the initiative in seeking federal-provincial agreement on uniformity with respect to Workmen's Compensation benefits.

Recommendations with Respect to Economic Policies:

1. that "full employment" must be the prime objective and responsibility of government fiscal and monetary policy.

2. that "equal pay for equal work" legislation be passed and enforced by all levels of government for both the public and the private sector.

3. that easier access to labour unions for workers, particularly those in low-wage industries, be encouraged and facilitated.

4. that prohibitions against discrimination in hiring be enforced.

5. that job-development, particularly of para-professional careers, be vigorously pursued.

6. that a formula be adopted to ensure the upward revision of minimum wage rates through the Canadian Labour Standards Code—such as the following:

a) the minimum wage should be determined as a percentage of the average wage rate for a province or zone;

b) a uniform basis should be used for the determination of zones within provinces;

c) no minimum wage should be lower than 60 per cent of the average wage-rate in each province or zone; and,

d) a planned program of raising minimum wages should be adopted. This would mean increasing the rates one step at a time and analysing effects of the increase before proceeding to the next.

Recommendations with Respect to Social Services:

1. that, with the introduction of the Guaranteed Annual Income, federal and provincial governments negotiate to increase the quantity, quality, accessibility, and uniformity of social services available under the Canada Assistance Plan.

2. that user-participation be significantly increased at every level of the social-service structure, in the field (through outreach facilities and the use of para-professionals) and in the administration (on appeal boards and in planning and organization).

Recommendations with Respect to Consumers:

1. that the Department of Consumer and Corporate Affairs disseminate information on consumer purchasing, consumer credit, interest rates, and contractual loans through adult education and information programs directed specifically to the low-income consumer.

2. that joint government-industry schemes be established to provide insured loans to high-risk borrowers for essential requirements. This would permit industry to extend credit to many people now ineligible for reasons unrelated to bad credit history.

3. that collection agencies be made subject to uniform licensing and control by provincial governments.

4. that in the light of the inadequacies of the present arrangements under Part X of the Bankruptcy Act, the law be amended to provide for easier and cheaper personal bankruptcy.

Recommendations with Respect to Education:

1. that the Government of Canada establish a National Office of Education without in any way interfering with or limiting or denying the constitutional and traditional prerogatives of the provinces in education. It must be recognized that there are national interests in education as distinct from provincial and inter-provincial interests. The functions of such an office would include the following:

a) to develop and articulate national educational goals;

b) to co-ordinate the distribution of federal investments in education and training to ensure the achievement of national educational goals;

c) to sponsor and support educational research and research on education at the national level;

d) to provide a national centre for information and data on education throughout the country;

e) to sponsor and support action-research programs such as the Canada NewStart Program with the objectives of developing and testing new approaches to education and training among the disadvantaged;

f) to support local communities and organizations, including those of Canada's native people, in achieving their participation in local educational systems.

Recommendations with Respect to Health Care:

1. that hospital and medical services be financed entirely out of general revenues.

2. that the Medical Care Act or similar legislation be the vehicle for bringing additional forms of necessary health care, including dental services and prescription drugs, to all Canadians.

3. that comprehensive community-based neighbourhood health centres be encouraged, and that more emphasis be placed upon preventive and rehabilitative aspects of health care.

4. that family-life education and family-counselling and family-planning programs be made available and easily accessible to the poor.

Recommendations with Respect to Housing:

1. that, in areas of urban renewal, the persons affected be allowed to participate in decisions as to how the area is to be "renewed". This could be effect-

ed by the setting up of neighbourhood committees. Such citizen participation would help assure the comprehensiveness of the contemplated renewal—the inclusion of planning for social services, health services, education services, library, recreational, and other services.

2. that the Minister of State for Urban Affairs take the initiative with provincial authorities to establish effective methods of ensuring that the benefits provided to the poor through the recommended G.A.I. are not absorbed by increased housing rents and costs. Cases were brought to the Committee's attention in which rent increases were made to coincide with Social Security benefit increases.

3. that further to protect low-income families in receipt of the G.A.I. from unscrupulous landlords the Federal Government, alone or in conjunction with provincial and/or municipal authorities, set up a fund for the purchase of houses which may be old but are still structurally sound, make them habitable, and rent them at cost or at subsidized rates to such families.

4. that public housing programs be enlarged and expanded. They are obviously not ideal, but no better solution has been found to the housing problems of the poor.

Recommendations with Respect to Law:

1. that one jurisdiction, the provincial, should be responsible for the entire administration of legal aid.

2. that federal funds, on a shared basis, should be made available to any province that enacts bona fide legislation providing legal aid to the poor on any basis. There is as much justification for federal participation in "Justicare" as there is for federal participation in Medicare.

3. that all persons below the poverty line be entitled to legal aid as of right, and without qualification or contribution.

Recommendations with Respect to the Manpower System:

1. that the Government of Canada shift its emphasis from Manpower training in narrow labour-force terms to a broad policy aimed at developing and making the best use of the human resources of the nation. This will require a number of changes in the priorities and emphasis which are reflected in the policies and programs of the Department of Manpower and Immigration. The departmental activities should be re-oriented from a service to employers to a service to individual citizens in terms of their particular needs for academic up-grading, occupational training, mobility assistance, and job placement. Restrictions which now effectively exclude the poor and disadvantaged from departmental programs must be removed.

2. that the Federal Government sponsor action-research programs aimed at the investigation and solution of the problems of Canada's disadvantaged citizens. The Canada NewStart Program is an example of how this type of essential work can be carried out.

[Hon. Mr. Croll.]

Recommendations with Respect to Day-Care Centres:

1. that child-care services be recognized and supported as a necessary resource for the contemporary Canadian family.

2. that expansion and development be carried out along the following lines:

a) day-care facilities to meet the needs of children under the age of three;

b) for children three years and over, day-care facilities should be related to the educational system and located where possible, in school buildings;

c) in the operation of these centres every effort should be made to make the maximum use of local para-professional such as teachers' aides and teachers' assistants; and,

d) public subsidy should ensure equality of access to all of these facilities.

Hon. Mr. Croll: We believe the major tool in tackling poverty is a guaranteed annual income plan based on the negative income type. We recommend to the Government of Canada that such an income-maintenance-incentive plan be implemented on a uniform national basis with a national administration and a national floor. This, we believe, is an enlightened and thoughtful program in this field. While we propose that such a plan eventually cover all Canadians who need it, initially we recommend that it not cover single Canadian citizens under 40 years of age, or residents of Canada who are not citizens. During the transition period their needs will be met under the Canada Assistance Act at the provincial level.

Incorporated in the guaranteed income plan is the work incentive I have already referred to which ensures that those who work will receive and keep more income than those who do not. We feel this is vital to the success of the plan from a self-help standpoint. The plan meets two other basic requirements: the provision of adequate income, and fiscal responsibility. Our most successful programs have been those of national, uniform application—old age security, family allowances, youth allowances, unemployment insurance, and the Canada Pension Plan.

In essence, the guaranteed annual income simply means providing a floor below which the income of Canadian families will not be allowed to fall. Taking 1969 as a base year, when the committee's poverty line for a family of four was $5,000, we recommend that for a start the guaranteed income would be 70 per cent of that figure, or $3,500. Initially, basic allowances would be reduced at the rate of 70 cents for every dollar of other income, and the worker would retain 30 cents. This incentive is not as high as we would have wished. We had to consider what is possible and what is not. The guaranteed annual income is not a minor procedural change. It rejects some goals and concepts in our existing system of social institutions. It makes certain that the dole is dead. It is a new beginning; a new path with new purposes and new objectives.

One of the major advantages of the guaranteed annual income plan is that it would be uniform throughout the nation, and for this reason must be financed and administered by the federal Government. National uniformity is the only way we can ensure equality for all our citizens.

Instead of a hodge-podge of provincial plans with different standards, allowance levels and regulations, we would have one plan which would not be influenced by geographical, monetary or other considerations. In order for the plan to work it will require changes in existing tax laws, redefinition of income and accounting period, as well as taxable unit.

There will be those who will say that such a national plan will benefit rural areas more than urban centres where the cost of living is higher. But the committee feels there are offsetting factors, an important one being the limited access to many services in rural and semi-rural parts of Canada. One of the dividends of uniformity in benefits is that the migration toward the cities would be slowed down. We believe the cause of national unity would be stimulated by eliminating some of the economic inequalities which now exist.

The committee recommends that the poverty lines developed in this report, in which poverty is related to a measure of the average standard of living and geared to the gross national product, be adopted by the Canadian Government. We ask that the poverty lines be accepted as a basic social indicator, and used to measure the extent and dimensions of poverty.

Industrialization and urbanization, the breakdown of traditional modes of behaviour, are the chief causes of our social problem.

We recommend that the income-maintenance-incentive plan be divorced from the provisions of social services which would remain the responsibility of the provincial governments; that the Canada Assistance Plan be retained and updated to serve as a vehicle for federal-provincial co-operation and cost-sharing during the transition period; and that all existing federal income-maintenance legislation be progressively repealed, with the exception of certain social insurance plans such as unemployment insurance, the Canada Pension Plan and programs for Canada's native peoples. To be replaced by the guaranteed annual income plan would be family allowances, youth allowance, and old-age security programs operated by the federal Government, with others to follow.

The committee further proposes that no one receive less income under the guaranteed income plan than he or she now receives from other federal programs such as old age security and supplement. A vital link is our recommendation that income tax exemptions be raised so that no Canadian whose income is below the poverty line is subject to income tax. What fair-minded Canadian conscious of all the facts can object to this? We must discard the myth that the poor pay relatively less in taxes than others. True, they pay less in income tax, but the proportion of their income they pay in other forms of taxation is actually greater than the proportion of income paid by the relatively well off. This is a rank injustice.

The guaranteed income plan is not an unproved theory. We already have it in the form of the Old Age Security and the Guaranteed Income Supplement. And we are already using the negative income tax in connection with the supplement. Filing of an income tax return is a common practice for all citizens and this income tax return would be the basis for income payments. There would be no inquisitions, no subjecting of the individual to humiliating procedures. Admittedly, the negative income tax method poses problems, but we do not regard them as beyond solution.

It cannot be emphasized too strongly that the committee does not regard the guaranteed annual income plan as being the total answer to our concern over poverty. It is, in our submission, an effective tool. In our view it represents the first firm step in the war on poverty, the first recognition that we must depart from traditional and obsolete concepts in favour of a new approach. It is the cornestone of a new and challenging endeavour that seeks to involve the poor in creating for themselves greater income-earning potential. We want the working poor and the employable unemployed to give as well as take, to leave the sidelines and become involved as they have never been involved before. Only by this process of involvement, participation, and the provision of greater educational and job-training opportunities, can we hope to break the tragic cycle of poverty from one generation to another.

The committee believes that the poverty lines it has developed are superior to poverty standards currently in use, and their flexibility, geared as they are to the average standard of living and to the gross national product, is assurance that the basic guaranteed income will not, in fact cannot, become obsolete.

Now I come to the question of finances. What will a guaranteed annual income plan cost? If the plan had been put into effect in 1967, the net cost would have been between $600 million and $700 million which would have been about one per cent of the gross national product. Projecting this figure to 1970 or 1971, the cost of the program would be about one per cent of the gross national product of $84.5 billion. There would be substantial savings in the cost of administration under the guaranteed income plan. There is no statistical guide to what this saving might be—and there will be substantial savings if such programs are discarded—but in the United States, where they have made a serious study of this matter, one estimate of savings in administration costs on a similar plan was of the order of 40 to 60 per cent.

There is no doubt that the $600 million to $700 million in 1967 and the increased costs in 1970-1971 for a guaranteed annual income program is a heavy one, but when viewed as being about one per cent of our gross national product for that year it cannot be considered unreasonable or unduly onerous. It is true the figures are based on 1967, but it has been calculated, projecting the cost to 1970 or 1971, that the figure increases by about 15 per cent. The price of reform is always high. The recommendations contained in the report can yield so much in return that the reform it seeks is really a social bargain.

Honourable senators, this is of necessity a capsule review of the proposed guaranteed annual income plan. The breadth and depth of the problem, reaching as it does into every area of human existence, does not permit me to give a detailed analysis. The report and the summary of recommendations do that.

It is a sad commentary on our economic system that the working poor toil for poverty wages that are generally less than they would receive on welfare. Even those who receive minimum wages would be better off at basic welfare levels. What kind of a system have we developed that says it is more profitable to go on welfare than work? And so I repeat, our recommendation will put an end to that system. It will reverse that trend. Under the new system it will be more profitable to work full time, parttime, broken time, or overtime. Work and benefit is the theme of our submission.

Insufficiency of income lies at the core of the problem of the poor. This is the common denominator. It gives rise to the handicaps they face as consumers, and the handicaps of lack of education, experience, training and opportunity.

The inequalities which exist in education opportunities are most glaring among our native populations. Twenty per cent of the Indians and Métis of the northern Prairies have had less than four years of schooling. In the words of the National Indian Brotherhood, the native peoples are the poorest of the poor, culturally alienated, economically handicapped, and socially deprived. Committee members saw some of the living conditions in native communities, and they came away with a sense of shame that such a situation should exist in a supposedly enlightened age.

There have been many well-intentioned plans for improving the lot of our indigenous populations, but their failure is a scathing indictment of our lack of understanding and our ignorance of what is required. The plight of our white-skinned poor is miserable enough, but that of our native peoples is infinitely worse. Being an Indian or an Eskimo adds to the burden of poverty.

Honourable senators, the Special Senate Committee on Poverty performed the task it was assigned, and in many respects it was a difficult one, though always an enlightening experience. The men and women on this committee, coming as they do from different backgrounds and with preconceived ideas about poverty and the poor, were forced to re-evaluate their thinking. The discarding of many lifelong ideas and opinions was a painful process, but the adjustment was made. It is my sincere hope that the public discussions which are bound to follow the publication of this report will cause Canadians in all walks of life to acquire a better understanding of poverty, and what is proposed for its elimination.

The report which has been tabled is the work of concerned Canadians and I refer not only to the membership of the committee but to its staff, some of whom contributed very much, and to the army of men and women who came to us in Ottawa and those we went to meet in our travels. These were the professionals, the lay people, the clergy, the municipal representatives, and the poor. We began a dialogue with them, a dialogue which we hope will broaden to include all concerned citizens to the end that in time we will cease to create a class of citizenry whose lowly status makes a mockery of the philosophy of equal opportunity for all.

Despite the billions we have spent in the 40-year history of the modern welfare state, Canadians who exist below the poverty line, some five million of them, are second-class citizens living in a drab world not of their own making, a world where the good life does not exist. They are defeated by a system which rejects them, and which they do not understand. And the overriding tragedy of it all is not only the plight of the adult poor, but the enslavement of their children who, as surely as night follows day, are destined to inherit this mantle of poverty because we have to date provided no escape.

Unless we make an honest, all-out effort to wipe out social and economic injustice and break once and for all the cycle of poverty, we will have failed to keep the faith with our fellow man.

The authors of this report believe that if the recommendations are implemented over the next decade, Canadians will have gone a long way along the road toward creating the kind of society which gives all our citizens the opportunity to live—not merely to exist.

We believe that poverty will no longer be regarded with complacency. This is our proclamation of faith.

Hon. Senators: Hear, hear.

Hon. Mr. Croll: Honourable senators, I move, seconded by honourable Senator Carter, that the report of the Special Senate Committee on Poverty be placed on the Orders of the Day for consideration on Tuesday next.

The Hon. the Speaker: Before I put the question may I inquire whether any honourable senator would like to comment at this stage?

Motion agreed to.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, November 16, 1971, at 8 p.m.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Leopold Langlois: Honourable senators, next Tuesday evening we will resume the debate on the Canada-U.S.S.R. General Exchanges Agreement and the Canadian-Soviet Communiqué.

On Wednesday the Standing Senate Committee on Banking, Trade and Commerce will sit. It is expected that on Thursday Senator Everett will table the report of the Standing Senate Committee on National Finance on the economy. It is anticipated that this report will generate great public interest in view of current economic problems.

The Senate adjourned until Tuesday, November 16, 1971, at 8 p.m.

THE SENATE

Tuesday, November 16, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Mark Lorne Bonnell, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk; took the legally prescribed oath, which was administered by the Clerk and was seated:

Hon. Mark Lorne Bonnell, of Murray River, Prince Edward Island, introduced between Hon. Mr. Martin and Hon. Mrs. Inman.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

DISTINGUISHED VISITOR IN THE SENATE GALLERY

THE HONOURABLE ALEXANDER CAMPBELL

The Hon. the Speaker: Honourable senators, may I call your attention to the presence in the gallery of a very distinguished visitor, the Honourable Alexander Campbell, Premier of the Province of Prince Edward Island.

On your behalf I wish him a hearty welcome.

• (2000)

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Watson had been substituted for that of Mr. LeBlanc (Rimouski) on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

THE LATE HON. WALTER M. ASELTINE, P.C.

TRIBUTES

Hon. Paul Martin: Honourable senators, I am sure that all honourable senators learned with much regret of the passing on Sunday night, November 14, of the honourable Senator Aseltine who died in his home community of Rosetown in the Province of Saskatchewan.

I am pleased that tributes were paid to Senator Aseltine while he was still a member of this house. Senator Aseltine occupied his seat in the chamber for the last time on March 24, when the Leader of the Opposition and other honourable senators joined with me in a bevy of tributes to the man who had sat in the Senate longer than any of his contemporaries. I do not intend to repeat what I said about Senator Aseltine on that occasion, except to recall that perhaps few senators were the subject of such recognition as he received on the occasion when he sat in this house for the last time. We all looked back at his long career which spanned that of any man now on Parliament Hill. We recalled with admiration his work on various committees in the Senate; particularly his work on the Divorce Committee, which laid the ground work for the rich contribution made on that subject by Senator Roebuck.

• (2010)

Senator Aseltine was a man of great judgment; he enjoyed the confidence of those who sat to Mr. Speaker's right and left. He was an indefatigable leader of his party in this house, and for a period served as Leader of the Government in the Senate. His was a rich contribution to the Government and to the politics of Canada. He served his country nobly as a member of the Senate. On behalf of all Canadian people, speaking as the spokesman for the Government, I should like to record the debt we owe Senator Aseltine for his unselfish devotion to public duty in municipal life, provincial life, and on the national scene through the Senate which he loved so much.

I send to his wife and family this expression of sincere sympathy.

Hon. Jacques Flynn: Honourable senators, Walter Aseltine was a man of exemplary virtue; a consummate statesman worthy of the highest praise. His standards were exalted, his ability exceptional, his dedication to duty singular. The record of his achievements as a senator speaks eloquently of the man as an aware and concerned legislator, a masterful parliamentary tactician, a patient, wise, considerate, mild-mannered humble gentleman, liked and respected by everyone.

Walter Aseltine was, above all else, a Canadian; one who served his country admirably well. He sat in the Senate for some 37 years, which is a record in itself. Few have served as long and few have served here with such distinction. Canada is the better for Senator Aseltine's having lived and worked among us.

It is on those Prairies which he loved so dearly, among the wheat fields which fueled his existence, that he will be laid to rest tomorrow afternoon. This noble son of the West will be profoundly missed by all who had the privilege of knowing him.

To his widow and children we extend our most heartfelt condolences.

Hon. John J. Connolly: Honourable senators, in the tributes that have been paid to Senator Aseltine this evening, mention has been made of his ability as leader in this house on the Government side and on the Opposition side. I feel that all who have held that responsibility would agree there were few leaders who have enjoyed the respect and affection of this chamber which Walter Aseltine enjoyed. While he was leader of the Senate he had a minimal amount of difficulty with his legislation. I feel this was due to the fact that everyone in this chamber had the utmost confidence in the way he conducted the affairs of the house. While he was in the Opposition he made responsible speeches which were always considered.

I am pleased that the Leader of the Senate has referred to the fact that Senator Aseltine made a notable contribution to the Standing Committee of the Senate on Divorce. Too little credit was given to the work of that committee throughout the years, particularly since World War II, and to the contribution it made to the comity of Confederation. Divorce was not available through the courts in some of our provinces. Senator Aseltine shared in the exhausting and arduous work of that committee. Divorce is no longer a problem for Parliament. Very early in my days in this chamber Senator Aseltine brought in a bill which proposed that divorce be moved from Parliament into the courts. He lived to see this desire fulfilled. He anticipated by many years this desirable reform.

Mrs. Aseltine has also made a great contribution to parliamentary life. She is a beloved woman, and we send our sympathy to her at this time.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on the operation of the Regional Development Incentives Act and on "Special Area" incentives for the month of October 1971, pursuant to section 16 of the said Act, chapter R-3, R.S.C., 1970.

Report by the Tariff Board, dated July 20, 1971, relative to the investigation ordered by the Minister of Finance respecting Sugar, Reference No. 146 (English and French texts), together with a copy of the transcript of the evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, chapter T-1, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume I, Abstract of Statements of Insurance Companies in Canada, for the year ended December 31, 1970, pursuant to section 8 of the Department of Insurance Act, chapter I-17, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Fire and Casualty Insurance Companies and of Accident and Sickness Insurance transacted by Life Insurance Companies in Canada, for the year ended December 31, 1970, pursuant to section 8 of the Department of Insurance Act, chapter I-17, R.S.C., 1970.

Statement showing Classification of Loans in Canadian Currency of the Chartered Banks of Canada as at September 30, 1971, pursuant to section 119(1) of the Bank Act, chapter B-1, R.S.C., 1970.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, November 10, 1971, pursuant to section 7 of the Regulations Act, chapter R-5, R.S.C., 1970.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. Donald Smith, with leave of the Senate, and notwithstanding Rule 45(1)(h), moved:

That the name of the honourable Senator Inman be substituted for that of the honourable Senator Fergusson on the list of senators serving on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

• (2020)

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

On the Order:

Consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(Honourable Senator Croll).

Hon. Chesley W. Carter: Honourable senators,—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Carter do now speak instead of Senator Croll?

Hon. Senators: Agreed.

Hon. Mr. Carter: Honourable senators, my first words must be to congratulate Senator Croll on his masterful exposition of the report of the Special Senate Committee on Poverty which he tabled on Wednesday last.

I should also like to thank him for his very kind references to me personally, and to the committee as a whole.

Senator Croll's background and experience qualified him eminently for the chairmanship of this committee, and as chairman he lived up to his nationwide reputation as a great humanitarian and the champion of the causes of the little people—particularly the underdogs. He set a hard pace for the committee but he spared himself even less and it was a privilege to serve under his leadership.

Hon. Mr. Walker: Hear, hear.

Hon. Mr. Carter: As Senator Croll has pointed out, the essence of the report on poverty can be summed up under three main headings:

1. A guaranteed annual income provided by the federal Government.

2. Provision of services by the provinces.

3. A national council for applied research which could also include a national office of education.

All the other recommendations revolve around these three proposals, and my purpose today is to expand these concepts somewhat by adding to what Senator Croll has already said.

First, the guaranteed annual income: Here we must be careful to distinguish between the guaranteed income payments and the method and mechanisms by which they are implemented. There is a tendency to combine and treat them as two aspects of the same thing, and this leads to confusion. Actually, they are two different things.

The guaranteed annual income by the federal Government has a philosophy behind it. This philosophy permeates the whole report and is based on the following principles:

1. That human beings count as individuals in themselves and that in a democratic society all its citizens are equal—equally worthy of respect and equally entitled to the freedom necessary to develop their own talents and capacities.

2. That the poor must be allowed to enter into a world where they can truly exploit the promise of education, the opportunity to choose a meaningful occupation and enjoy decent standards of housing and health care; that this should no longer be looked upon as a privilege but as a basic social right. Only in this way can each man and woman explore fully the dimensions of his or her own personality, and make a contribution to society. Today the valuable contributions of thousands of such people lie untapped and wasted.

3. That every individual should have the right to participate in the decisions that affect their own lives, and in the organization and administration of programs created for them. For too long the poor have been people to whom and for whom things were done by others. Patronage is stultifying and demoralizing. The essence of a new program must be to help them help themselves—to give them a voice in what is to be done and how it is to be done.

4. That welfare payments should be completely separated from the counselling and welfare services, and handled by separate agencies each completely independent of the other. It is the mixing of the economic and social functions of the present system that has done so much to dehumanize it. The payments are to be considered a right; they are not to be looked upon as a club to humiliate or force recipients into counselling programs or other various schemes.

5. That all welfare services be provided by the same agency or by agencies under the same umbrella.

6. That the provision of services be closely integrated with the needs of particular communities so as to meet local needs. The provision of services should, therefore, be a provincial matter since so many of the areas in which they operate will be within provincial jurisdiction.

7. That the financial burdens be borne by the federal Government because only the federal Government has access to the sums of money that will be necessary to institute the wide range of programs necessary, and because only the federal Government can ensure equity throughout Canada, and also because only the federal Government can take the steps necessary to maintain a strong economy which is essential for the success of any serious anti-poverty program.

8. That when a worker's job is destroyed through measures that have become necessary for the management of the economy, or in the interests of society as a whole, then society through government is obligated to provide him with an alternative means of support.

9. That any income maintenance plan should provide an adequate income combined with an incentive to work, and at the same time be fiscally possible.

These principles are the basic requirements of a just society. Only by adhering to them can we ensure that the poor will enjoy the benefits of freedom, democracy, and equality. Today, in effect, the poor are not the equals of other Canadians, and they are not as free.

The concept of poverty has many dimensions, but, basically, poverty consists of material deprivation. The loss of self-respect, social exclusion and other evils associated with poverty are its effects rather than its essence. People consider themselves poor in relation to the living standards of the people around them. The poverty level of 1971 will not be the same as the poverty level of 1961, because living standards will have changed during the decade. Consequently, people on fixed incomes will consider themselves increasingly impoverished as living standards around them rise. The poverty level must therefore rise annually in proportion to the rise of the national standard of living, and not merely in proportion to the increase in the cost of living. Both must be included.

The committee found there is no objective yardstick that can be used to measure either different living standards or their adequacy. Material deprivation, however, which is the basic ingredient of poverty, can be measured quantitatively with sufficient accuracy to permit the determination of fairly distinct poverty targets. Any poverty line, however, for the reasons already stated, must of necessity be arbitrary and subjective.

• (2030)

The committee felt that to be satisfactory a poverty line must be at a level where no one, or at least relatively few, would receive less than they do now under the various provincial rates, and yet at the same time it must meet the test of adequacy and be within the range of fiscal possibility.

Within the framework of these limitations your committee studied the poverty lines that had been developed by a number of people including Molly Orshanski of the Social Security Administration in the United States, and by Miss Jennie Podoluk of the Consumer Finance Research Section of Statistics Canada.

In 1961 Miss Podoluk examined the family expenditures of some 2,000 families and discovered that on the average these families spent roughly half their total income on food, clothing, and shelter. She reasoned that families who spent more than 50 per cent of their income on these three basic necessities would have correspondingly less to spend on the numerous other items so essential for daily living. Following this reasoning she eventually decided that a family which spent 70 per cent or more of its income on food, clothing, and shelter alone would be at

the poverty level, and this definition of poverty was adopted by the Economic Council of Canada.

A study of family expenditures also revealed, with respect to any definite standard of living, that for every $3 needed by a family of one a family of two requires $5, a family of three $6, a family of four $7, and so on. This discovery makes possible a formula whereby the relative needs of families of different sizes, except families of one, can be determined by a point system. The number of points per family is determined simply by adding three to the size of the family. For example, a family of four—a typical Canadian family—would have seven points. We have called these family-size equalizer points—FSEP for short. These family-size equalizer points can be used to determine yearly changes in the standard of living. For example, in 1969 Statistics Canada shows that the average income for a family of four was $9,000. Dividing this by seven—the number of points for a family of four—gives a figure of $1,282 which represents a unit which is related to the average living standard for a family of four in that year. This unit is called the family living standard equivalent or index.

Our first thought was to take half the average annual income for a family of four—that is $4,500—as the base poverty line for 1969. By using the living standard equivalent and the family-size equalizer points, this figure can then be adjusted to determine poverty lines for other size families. However, after studying the components of the average annual income as compiled by Statistics Canada, the committee felt that average annual incomes were not satisfactory for this purpose.

A survey was conducted for the committee by the Canadian Institute of Public Opinion. The answers to this questionnaire showed that the Podoluk line, when updated on the basis of the rise in the general living standard and modified to provide cost allocations to the sixth and subsequent family members, coincided exactly with the results of the public opinion survey. This was a most significant discovery.

• (2040)

After comparing these figures with the welfare payments scales of the various provinces with low income budgetary guides and with related data from Statistics Canada, having regard to the limiting criteria I mentioned earlier, the committee decided to set the poverty level for a family of four at $5,000 and the guaranteed income to start at 70 per cent of that figure, or $3,500.

Having decided on a poverty line and the initial amount of guaranteed annual income, together with methods of adjusting these figures for family sizes and for yearly changes in the standard of living, the committee then turned its attention to methods and mechanisms of implementation. The committee was convinced that there was absolutely no manner in which the present system could be patched up and utilized in any serious attempt to eliminate poverty or implement the philosophy that underlies this report.

A guaranteed annual income can be implemented by using universal demogrants in a way to ensure full recovery from those who do not need them or by the negative income tax method or by a combination of the two. Whichever system is adopted, however, must be integrated into the tax structure.

The demogrant method, despite some administrative advantages, would require a complete and revolutionary change in our present tax structure based on the philosophy of the Carter Report, which the Government appears to have rejected. It would involve a uniform flat rate of taxation for all, and to recover fully the demogrants from those above the poverty level, the tax would have to be around 50 per cent.

The committee felt this was not the time to recommend revolutionary changes in the tax system. Furthermore, the responsibility of funding the guaranteed annual income rests with the federal Government, as does the responsibility of devising the kind of tax structure best suited to the prevailing circumstances.

Having regard for the urgent need for immediate action, the committee has recommended the negative income tax method with a work incentive. The negative income tax method is flexible and the use of the tax mechanism removes the degrading means test from the system. Questions have been raised about constitutional problems in connection with the guaranteed income plan, but it should be remembered we already have a guaranteed annual income in the form of the Old Age Pension and are using the negative income tax method in connection with the guaranteed annual supplement. The committee is merely recommending that the present process be expanded and carried one stage further.

The filing of an income tax return is a common practice for most citizens. The tax return becomes the basis for making payments. There would be no other inquisitions. The committee is aware that the use of the negative income tax method involves some difficulties. However, we do not regard them as insuperable and we are convinced that the constitutional problems involved in the demogrant method would be infinitely greater.

Income maintenance represents only one part of the solution to poverty. The other part is the provision of services, which can best be provided by the provinces. The committee has, however, recommended that the provision of services be completely separated from income payments.

The vehicle recommended by the committee for the delivery of services is a revised version of the present Canada Assistance Plan. The present Canada Assistance Plan introduced by the federal Government in 1966 has several serious defects, the most serious of which is the 50-50 federal-provincial cost-sharing structure and the requirement that provinces make full expenditures before receiving federal payments. This benefits the richer provinces, because those who can afford to spend only little can receive only little in return.

One of the objectives of the Canada Assistance Plan was to do away with the invidious means test by substituting a needs test. However, need was not defined and every province was therefore free to determine its own definition and to set its own rates of assistance.

The Canada Assistance Plan covered a variety of welfare programs, and provinces were free to pick up, accept and reject as they chose. Many governments, particularly

of the poor provinces, could not afford to make full use of the plan. Furthermore, the Canada Assistance Plan did not require any minimum standard or quality of service. Consequently there was a wide divergence between provinces in the amount, type and quality of service available.

The welfare system embraces not only official agencies—federal, provincial and municipal—but a multitude of private agencies as well. For example, we were told that there were over 200 private agencies in Winnipeg alone, and they are numerous in every large centre. These private agencies came into being to fill specific social needs. They were motivated by Christian love and compassion for mankind and a desire to help and serve their fellow man. Taken as a whole, however, they add to the confusion, their programs being unplanned and uncoordinated. The result is considerable duplication and overlapping, while serious gaps in social services are completely neglected.

Furthermore, this multiplicity of agencies gives a false impression of adequacy whereas, in fact, most private agencies are operating on a shoestring with a low level of service and minimal attention to the individual. For these reasons the committee has recommended that all agencies be under a single umbrella. Perhaps it would be better if private agencies concentrated on the prevention of social problems, leaving official agencies to take the responsibility for providing services. In so doing they could still utilize whatever special facilities or advantages private agencies may have to offer.

The third recommendation of the report is that a council for applied research be established at the national level. In carrying out its task the committee found itself terribly hampered by the woeful lack of adequate up-to-date information and statistical data. This problem was emphasized by the Economic Council of Canada and by a number of agencies that appeared before us. Even where knowledge exists, it is compartmentalized, diffused and not easily accessible.

The Human Resource Development Authority of Alberta stated in their brief, and I quote from page 195 of our report:

> There is a great need in Canada to develop a federated information system which integrates our emerging data and knowledge about social, economic, political and related matters.

• (2050)

A national council for applied research would take care of these needs and would not only conduct policy research directed toward short- and long-term social goals, but also toward criteria whereby the effectiveness of social policies could be measured and possible policy breakdowns detected in time for remedial action.

The report also recommends that the Government of Canada establish a national office of education. This office, which could very well be a branch of the national council for applied social research, would not infringe on the constitutional prerogatives of the provinces, but would limit its activities to the national interest in education as distinct from provincial and interprovincial interests. By so doing it could very well perform a vital service for the provinces.

[Hon. Mr. Carter.]

For example, one of the functions of this proposed education office would be to sponsor and support educational research, which is something that is seriously lacking in Canada today. In fact, Canada is doing very little fundamental research in education today because, in the first place, only two or three provinces can afford it, and, secondly, our education system is so fragmented that any meaningful research could be carried on only by a central body.

The committee discovered that the federal Government was already conducting a number of action-research programs under the name of Canada NewStart Programs, sponsored by the Department of Manpower. Their purpose was to develop and test new approaches to education and training among the disadvantaged, and NewStart programs were operating in Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island. These have now been discontinued with the exception of that in Prince Albert, Saskatchewan, which I understand ends next June, and that of New Brunswick which continues until 1974.

The one I examined most closely was that at Prince Albert, and I was tremendously impressed by what was being done. Manpower retraining programs are implemented by purchasing vocational courses from the provincial governments. This amounts to purchasing seats in provincial vocational classrooms, but to gain entrance applicants must meet provincial entry requirements which are usually set at the Grade 10 level. This means that before being admitted to these vocational courses, the applicant must pass the provincial Grade 10 examination.

At Prince Albert I saw a girl who wanted to take a beautician's or hairdresser's course, another who wanted to take a course in typing, and a young man who wished to be a barber, all struggling with algebra and geometry because that was a prerequisite subject for admission to the course. This demonstrates the lack of realism so prevalent in our educational system.

Unskilled jobs are today practically non-existent. Lack of skills means unemployment. Lack of education is, therefore, a prime contributor to the problem of poverty. Most applicants for vocational courses have a functional level of education of around Grade 4, and the problem is to get them up to the Grade 10 level in a minimum period of time. This was the basic problem that the NewStart programs were grappling with. Some had succeeded in advancing the applicants three grades a year, but at this rate it would take applicants two years to qualify for entrance to the courses.

Like the others, the NewStart program at Prince Albert was experimenting with a number of different approaches with a view to advancing their students even more rapidly, for the sooner they gained admission to vocational training, the sooner they would become productive citizens. This in itself was educational research of tremendous importance.

However, what intrigued me most about the NewStart program at Prince Albert was the research being done to determine why some people fail and others succeed. They kept a case history of every applicant who participated in their program, analysed their social attitudes and per-

formance during the program itself, and followed them up after they had been placed in employment.

They found that to be successful in a job a person must have a balance between two different types of skills. One type they called marketable skills, such as a trade, vocation, or profession, and the other they called problem-solving skills, which included the ability to adjust, adapt, and get along with others. They found that neither set of skills in the absence of the other could ensure success.

The provision of marketable skills was, of course, the purpose and responsibility of the manpower training program, but the development of problem-solving skills is the responsibility of the educational systems of the various provinces. Our system of education in Canada is simply not providing that basic requirement, and the discovery of this defect in our system is of the greatest importance.

It is tragic that the top officials in Ottawa responsible for appraising and continuing the program appear not to appreciate the significance and the value of this type of work, its objectives and results. Educational research calls for planning over a period of years, and therefore requires long-term financing. When we were there nearly two years ago the program had hardly started, but it had no assurance of continuing longer than one year. Although it has since continued on a yearly basis, due, I suspect to Senator Croll's urging, it is now scheduled to end next June.

The committee noted many other aspects of education as it applied to the poor. The children were handicapped before attending school by poor accommodation, dilapidated, uncomfortable, rat-infested homes, lack of nutrition, lack of books and educational materials in the home, the parents' attitude towards education, and the general home atmosphere and environment.

Although there were some notable exceptions, which time prevents my mentioning, the schools they attend are usually in the oldest buildings, in the poorest neighbourhoods, with the poorest equipment, and in some cases with the poorest teachers because it was brought to the committee's attention that some teachers consider that their prestige suffers if they teach in a poor neighbourhood.

Poor children attending a middle-class school are often humiliated by being treated differently from other children by the teachers, by the administration, and at school functions. Children are sensitive about such things, particularly when their dress does not compare favourably with that of other children. Consequently they often suffer psychological and personality injuries.

Hon. Mr. Fournier (de Lanaudière): May I be permitted to interrupt the honourable gentleman? I should like to know what kind of school the honourable senator from Newfoundland attended when he was a boy.

• (2100)

Hon. Mr. Carter: I went to the little red school house.

In the case of children of our native peoples, this humiliation is compounded by derogatory and demeaning references in our curricula, our textbooks, slides, films and other educational materials which depict them as ignorant savages and add insult to injury.

Thus under our system the children of the poor suffer tremendous handicaps that deprive them of the opportunity to develop their innate talents, abilities and capacities, and of the educational benefits which is theirs as a right.

Honourable senators, this report has a message and a challenge to each and every Canadian. To the working poor the report offers the hope of assistance with a work incentive that will enable them to stay on the job, assist and encourage them to improve their standard of living and thereby avoid being entrapped in the welfare system.

To those outside the labour force—the old, the infirm, the incapacitated and those on fixed incomes—the report recommends a guaranteed annual minimum income which will be revised upwards in proportion to the rise in our living standards so that their standard of living will be maintained instead of being eroded by inflation as happens under the present system.

To the unemployed employable, the committee recommends a means whereby they and their families can live at least decently while being provided with new skills that hopefully will enable them to help themselves to become productive citizens.

To all four million Canadians below the poverty level, the report's recommendations will restore their human dignity and their right to live their own lives in their own way, because the report banishes patronage, together with the humiliation and human degradation that go with it.

The federal Government says the guaranteed annual income plan is too expensive to implement at this time. To the federal Government the report says we realize $1 billion is a lot of money, but your present system is costing over $6 billion. To that must be added at least another $1½ billion in lost production. Then there are the social costs—the cost of sickness and poor health, the cost of crime, violence and social unrest, and, above all, there is the human cost in human misery, loss of dignity and self-respect. The present system does not work. Its continuation can only make a bad situation worse.

Furthermore, the report emphasizes all these costs are escalating at a rapid rate and in time will be certain to overwhelm us. An extra billion dollars now will arrest these conditions and over a period of time will eliminate poverty as we know it today and its social effects. It is therefore an expenditure we cannot afford not to make.

To the provincial governments we say: The ball is now in your court. It is up to you to decide now whether political considerations will take precedence over the needs of the poor.

To the mass media, the churches, church leaders, fraternal organizations and other moulders of public opinion, the report makes a plea for their assistance in changing the attitudes of our people with respect to the poor and in debunking the myths on which these attitudes and prejudices are based—the myth of equal opportunity for all, that it is a person's own fault to be poor, the myth that economic growth is the answer. We know now that poverty is produced by the way our economy operates. The myth that our tax burden is equal: those earning less than $2,000 pay 60 per cent of their income in taxes as compared with 37 per cent to 38 per cent for those with

incomes over $10,000. The myth that our tax structure redistributes income and wealth: in 1951, the lowest 20 per cent income group received 6.1 per cent of the total national income; the top 20 per cent received 41.1 per cent. In 1967, 15 years later, the figures were 6.8 per cent and 38.5 per cent respectively. The myth that the poor do not want to work: some 600,000 working poor who would be better off on welfare give the lie to that statement. The myth that the poor are chiselers: the committee verified that only about 3 per cent of welfare recipients abuse the system. What other groups in our society are in a position to point the finger?

To industry and labour, big business and big unions, the report offers the opportunity to make the guaranteed annual income possible without undue increase in the tax burden by increasing productivity.

Finally, to Canadians everywhere, the report says it is up to you. In the final analysis, it is you, the people of Canada, who will decide whether we shall spend $6 billion perpetuating a system that perpetuates poverty with all its human degradation and misery or spend an extra billion and launch a war to end it. Nothing worth while can be accomplished without cost. The eradication of poverty is a great and worthy cause. It demands sacrifice, dedication and, above all, commitment. Acceptance of this challenge will give Canadians a new national purpose and a new sense of national unity.

Hon. Mr. Walker: Honourable senators, may I put a question to the distinguished and honourable Senator?

Are you suggesting by your words that political expediency overcomes the poor? You are suggesting that the Canadian Government is able to afford to pay a guaranteed annual income. Are you suggesting that this is political expediency on the part of your Prime Minister?

Would you be good enough to answer the question, if you know how? I believe you wrote that speech yourself; I am not sure, but you sometimes do.

Hon. Mr. Carter: I do not follow your question.

Hon. Mr. Walker: Well, you followed your own speech. Perhaps you did not write it.

Hon. Mr. Fournier (De Lanaudière): Honourable senators—

The Hon. the Speaker: Senator Walker has the floor.

[*Translation*]

Hon. Mr. Fournier (De Lanaudière): Would Senator Walker let me have the floor?

Hon. Mr. Walker: I gladly comply with my honourable colleague's request.

Hon. Mr. Fournier (De Lanaudière): Thank you.

[*English*]

Senator Walker is much better in French than I am. When he is talking about the Prime Minister—

Hon. Mr. Flynn: Mr. Speaker, on a point of order, I do not believe one is allowed to answer a question for someone else.

Hon. Mr. Fournier (De Lanaudière): On a point of order, Mr. Speaker, the honourable senator was not at his seat, and he has no right—

[Hon. Mr. Carter.]

Hon. Mr. Flynn: I was at my seat when I rose on the point of order. I am still on the point of order. I am quite sure that the honourable Senator Carter is better able than you to answer the question.

Hon. Mr. Fournier (De Lanaudière): You can rise on a point of order at any time but you have to be at your seat.

Hon. Mr. Flynn: I am at my seat.

[*Translation*]

The Hon. the Speaker: Order, please. Allow me to sum up the situation.

[*English*]

The honourable Senator Walker had the floor and it was at the request of the honourable Senator Fournier (De Lanaudière) that he yielded. If the honourable Senator Fournier has a question to put at this time, he has the floor.

Hon. Mr. Flynn: No, Mr. Speaker.

The Hon. the Speaker: The point of order was that the honourable Senator Fournier could not answer a question which was directed to the honourable Senator Carter, and on those grounds, of course, the point of order stands. If the honourable Senator Fournier has a question he may now have the floor.

Hon. Mr. Fournier (De Lanaudière): I was very kindly given the floor by the honourable gentleman on the opposite side, and then the Leader of the Opposition, who was not at his seat, tried to mix everything up.

• (2110)

Hon. Mr. Flynn: I did not have to. Once you were up everything was mixed.

Hon. Mr. Fournier (De Lanaudière): Senator Walker told Senator Carter that the Prime Minister was his leader. We have no leader here—

Hon. Mr. Flynn: Oh!

Hon. Mr. Fournier (De Lanaudière): —except the Leader of the Government and the Leader of the Opposition.

Hon. Mr. Flynn: Don't make it worse.

Hon. Mr. Fournier (De Lanaudière): The Government has no leader here. That was my point.

Hon. Mr. Walker: Touché! Senator Carter, would you kindly reply to my question?

When you refer to the government of the day, let us have it in Newfoundlandese, which we hear from Senator Cook every time he speaks—and very nice too. It is a nice accent; it sounds like Spanish to me. When you say the government of the day, of which Mr. Trudeau is the Prime Minister at the moment, has bowed to political expediency against the poor in refusing the report of the distinguished Senator Croll, the chairman of this magnificent committee, do you really mean that?

Hon. Mr. Carter: I think you must have misunderstood.

Hon. Mr. Walker: It is what you said. I did not misunderstand. You may have been a little upset, or you do not understand what you said, or you may not even have heard what you said. You said that political expediency on the part of the Government has been responsible for

the refusal to consider the report of our venerable Senator Croll. Would you answer that question? Is that so? You sit down when you should stand up, and vice versa. Are you *compos mentis* tonight? Stand up and answer the question.

Hon. Mr. Fournier (De Lanaudière): What is the question?

The Hon. the Speaker: I must remind honourable senators that when a question is asked an honourable senator is under no obligation to reply. He may decline to answer. That is the situation.

Hon. Mr. Fournier (De Lanaudière): I rise on a point of order. I should like to know exactly what the question of the honourable gentleman is, because if I do not know what the question is I will have no understanding of the answer. Would my good friend—he knows I am a good friend of his—put his question clearly in order that everyone understands, even I?

Hon. Mr. Walker: When I have it put to me like that, honourable senators, by my distinguished colleague, the former mayor of Montreal, it means I could not have made myself clear. It is very simple. Is Senator Carter serious when he says that political expediency on the part of the Government, of which Prime Minister Trudeau is the head, has been responsible for the refusal to consider the report of Senator Croll, whose recommendation was that we should have a guaranteed annual income? Is he serious in saying that it was political expediency on the part of the Liberal Government?

Hon. Mr. Carter: I did not use the word "expediency" in my whole speech.

Hon. Mr. Walker: Oh, yes, you did.

On the motion of Hon. Mr. Macdonald, debate adjourned.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—DEBATE CONTINUED

The Senate resumed from Tuesday, November 9, the adjourned debate on the inquiry of Hon. Mr. Martin, calling the attention of the Senate to the Canada-U.S.S.R. General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

Hon. Orville H. Phillips: Honourable senators, I am happy to rise at a time when the house is in such a genial mood, in which it might be inclined to agree with my later remarks.

Before proceeding I should like to digress for a moment to welcome all our new colleagues to this honourable chamber, including a certain lady who I presume will meet with some difficulties since she did not want to be a senator. I hope time will overcome that difficulty for her. In particular, I should like to welcome the honourable Senator Lorne Bonnell from my province, who is a medical doctor.

Hon. Senators: Hear, hear.

Hon. Mr. Phillips: He replaces my former seatmate, the Honourable J. J. MacDonald. If I may, I should like to take a moment or two to make an Islander feel welcome in the rest of Canada. It will be realized that coming from a small part of the country with a small population we sometimes feel a little outnumbered, and I want to make Senator Bonnell feel really welcome this evening. I was a classmate of his brother, Dr. George Bonnell. Somehow or other I felt I had injected a certain amount of Conservative philosophy into the Bonnell family through Dr. George Bonnell. I do not know whether or not he passed it on; I have not seen any evidence of that. However, I did enjoy my association with our colleague's brother.

I would also point out that there is something of a tradition of King's County medical families being associated with the Senate. Many of you will remember Senator Grant, who was a medical doctor. If my memory serves me correctly, he had five sons who were doctors, one a doctor in dentistry, and a daughter who was a Ph.D. in bacteriology. Senator Bonnell's family has carried on that tradition, he as a very highly regarded medical practitioner and two of his brothers as specialists.

Senator Bonnell has had something like 20 years in provincial politics, a career that I have followed with interest. I cannot in all honesty say I have agreed with that career, but I have followed it with interest, and sometimes, I must say, with admiration.

Senator Bonnell's uncle, the Reverend Dr. Bonnell, who was minister of the Fifth Avenue Presbyterian Church in New York, was considered to be one of the outstanding speakers in the United States for a number of years, and even at an advanced age was still an outstanding speaker. Senator Bonnell's speeches—and I am sure he will be the first to agree with me—will not have the eloquence of those of his uncle, but he has those traits and he can give an interesting and a challenging address. At times, Senator Bonnell and I will disagree on the methods of achieving our objective, but we will have something in common and that is our representation of the Atlantic Provinces and, in particular, Prince Edward Island. As I say, we may disagree on the method, but we will never disagree on the objective.

• (2120)

Honourable senators, I turn now to the second item on the Order Paper, the Canada-U.S.S.R. General Exchanges Agreement. Perhaps if I were a clergyman I would select as my text the words of Paul, as they are found on page 1384—

Hon. Mr. Choquette: Give him a sainthood.

Hon. Mr. Phillips: I have a high regard for this individual, but I cannot confer sainthood on him.

These are the words of Paul as found on page 1384 of Senate *Hansard* of October 26. Really, I do not think the honourable senator was happy in making these remarks. We were sorry for him when he did so, but it was more or less foisted on him and he did the best he could. He stated:

> I think the visit of Chairman Kosygin has had considerable value for him, his party, and ourselves.

This is a rather unusual statement and it is more unusual when we consider that it has gone by with very little notice. I repeat those words:

> I think the visit of Chairman Kosygin has had considerable value for him, his party, and ourselves.

I am not particularly interested in the benefits to Mr. Kosygin or his party, and I would first like to look at the benefit to ourselves. Possibly the greatest value to Canadians was realized after the departure of the two recent communist visitors—the realization that the traffic moved normally, that there were no police barricades, no security checks, and no demand for identity cards. If Canadians realize the freedom we enjoy, a freedom that perhaps we take too much for granted, then the visits may have had some value.

It is rather disheartening, discouraging, to think of a motel or a hotel in Toronto guarded by 3,000 policemen. This is not Canada, honourable senators. It has never been the way of life here, and I hope it never will be.

Senator Croll, in his half-apology, half-explanation speech, in which he attempted to explain the Jewish protest, was interrupted by Senator Flynn with what I think was one of the most pertinent interjections I have heard in fifteen years in Parliament.

Senator Croll said that, after Premier Kosygin had undergone his unfortunate attack on Parliament Hill, he had seen nothing but policemen in Canada, and Senator Flynn interjected and said: "Yes, but in Canada they wear uniforms." Unfortunately that was not recorded in Senate *Hansard,* and I want to put it on *Hansard* because I think it so briefly and so aptly described the difference between our two systems.

We know a policeman, we respect a policeman and, yes, even at times we turn to a policeman for help.

Honourable senators, the first and the most difficult question that must be asked concerning Senator Martin's remarks is why he—or any other Canadian, for that matter—should boast that a visit of the communist dictator to this country had favourable results for that dictator and the communist party. Surely benefit to the communist party is the last thing that anyone in Canada—yes, even this Government—would have as an objective of a state visit.

Throughout the visits of Messrs. Kosygin and Tito, the Government and the media were very careful not to mention that the state visitors are ruthless dictators, holding millions in a life of fear and misery. Not once in his remarks did Senator Martin use the word "communist". It is still in the dictionary, Senator Martin; I wonder why you choose to ignore it? Were you instructed to ignore the word "communist"?

The Government of the day seemed determined to give an air of respectability and acceptability to our communist visitors. One must wonder if this was deliberately done in order that Canadians would accept communism on the same ready terms as they accept our neighbours to the south, the Americans, and their way of life.

Nothing the Government can do can give communism an aura of respectability to people of our ages. We remember too well the past actions. On the other hand, those who are younger could be very drastically influenced by the extensive coverage of our leaders toasting the friendship of the two countries. They could be influenced by our guest, Premier Kosygin, when he attacked our neighbour at a banquet.

All this disturbs me greatly and, frankly, I wondered if we were not in somewhat of a lion's den and needed some very extraordinary assistance and guidance. We must remember that young Canadians do not recall the sudden, brutal, murderous rise of communism during World War II and immediately following it. Are our young people of today to be indoctrinated by visitors, by communist leaders, described by members of our cabinet as able and wise men? They may be wise and able when compared to members of this cabinet, but I cannot think of any other criterion by which they could be described as being able and wise. The old expression "faith, hope and charity" is one that has been used in a good many speeches. I am fully aware of that, honourable senators, but sometimes I wonder if we are not moving to the same faith as the U.S.S.R., to the same lack of hope and, indeed, I wonder if both countries do not show the same degree of charity.

• (2130)

It is rather surprising that Canada should suddenly become selected as the site of so many New Ideas of communism: Communism has changed! Communism has now come to Canada with New Ideas! The Prime Minister of Canada visited the U.S.S.R. in the spring of this year. Premier Kosygin returned the visit early this fall. To me, honourable senators, that is rather unusual diplomatic haste. To me that smacks of something suspicious. There is a bad taste about the shortness of the interval of time.

As distinct from that, both officially and unofficially, the Prime Minister of Canada has visited the United States on numerous occasions since his election and yet there has been no great pressure on President Nixon to pay a return visit. Could it be that since Prime Minister Trudeau failed to become a star on Broadway, he has turned to the Bolshoi Ballet or the Moscow Circus? In the meantime he seems to be carrying on a tightrope act between Ottawa and Moscow. It is a circus performance that has every Canadian disturbed. Half the population is terrified that he will complete the tightrope act from Ottawa to Moscow; the other half is worried that he will not slip and fall off that tightrope.

It is my belief that the Senate record should remind Canadians of all ages of at least a few of the actions of the Russian communist party, and of the fact that those actions were approved by, and were carried out by, the present hierarchy. In the present hierarchy, of course, are Mr. Kosygin and Mr. Brezhnev. Let us not forget that fact. Nor were Mr. Kosygin and Mr. Brezhnev acting as unpaid lance corporals during the war. They were in the strategic group planning postwar movements. Let us not forget that for one moment.

Ask any school child about the Baltic states, about Estonia, Latvia and Lithuania. School children have little or no knowledge of those states, because those states no longer exist as such. Perhaps they have never existed so far as the children are taught today. They do not know that the communists invaded those small, neutral states and, as Senator Thompson mentioned, murdered, deported, and tortured their leaders. Neither do most Canadians

realize that the young people born in those states today are taken as teenagers and moved into the interior of Russia while, in turn, Russians are moved into their country. This is done in order that the young people from the Baltic states will be assimilated into the Russian nation. Thus can Mr. Kosygin boast that Russia has solved its nationality problem.

As a Canadian, I sometimes become tired of the so-called "hyphenated-Canadianism". But I would prefer our method, with all its problems, difficulties, and need of understanding, to that of the communist method.

Hon. Senators: Hear, hear.

Hon. Mr. Phillips: Perhaps this is an appropriate time to remind Canadians of all ages that those invaded nations were neutral, and that their peoples were friendly to the Russians. Unfortunately for them, they could not, as we can, look south to a large, powerful, and friendly nation for protection.

Perhaps more Canadians realize the manner in which the Russians seized, and to this day hold in bondage, the Polish nation. However, Canadians seem to be completely unaware and unconcerned that Poland is held in the ruthless bondage of Russian communism. Polish citizens who question the Russian occupation of their country disappear—not into the hands of Polish police but into the clutches of the Russian secret police.

It was my privilege in May to attend a wedding at the Polish church in Ottawa. Following the ceremony, the guests looked back at the Polish Crown and the Polish Eagle and, in a moment of nostalgia—yes, even more than nostalgia—said, "We remember; we had freedom in those days when we had the Polish Eagle."

I have alluded to that at this point because I should like those people, who are so intent on destroying our Crown and the symbols that have meant so much to us over the years, to realize what happened to the Polish people when they lost the symbols they respected. By way of replacement they received nothing but the Hammer and Sickle.

• (2140)

If we go back to the conferences of World War II between the great leaders Churchill, Roosevelt and their counterpart on the other side, Stalin, no one can imagine that it was ever intended that East Germany was to remain permanently a communist state. Yet behind the Berlin Wall, the electric fences, the mine fields dividing the east and the west, the communist puppets there carry on the rigid rules of a Soviet régime. We hear a great deal about self-determination for various nations and respect for national boundaries. There is only one way that self-determination can be achieved and that is by free democratic elections such as we have in Canada, Britain, and the United States.

Honourable senators, I should like to direct this question to the Leader of the Government in the Senate. Is it the intention of the Canadian Government, now that we have established such a close mutual admiration society with the communists, to ask them to allow free elections and self-determination in those nations that are under their domination and in the complete control of their KGB.? Are you, Senator Martin, going to do that? If you are not, then all your speeches and all your state visits are nothing but a complete and utter farce.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Phillips: As we move southward through Europe we find that the Balkan nations and the Ukraine were ravaged, first by the invasion of the Nazi armies and secondly by the repulsion of that invasion. They went through a very difficult time. Yet, they ended up in the same situation. They have permanent Russian communist occupation, and an occupation that appears to have the blessing of this government. Imagine how those who love freedom in Hungary and Czechoslovakia will read Senator Martin's words as they are recorded on page 1385 of *Hansard*:

> The agreement might have been obtained much earlier, but for a temporary setback in relations which occurred as a result of disturbances in Central Eastern Europe about three years ago. As for this current visit of Mr. Kosygin, we regard the conclusion of the General Exchanges Agreement as the best testimony to Canadian-Soviet co-operation.

I should like to ask you, Senator Martin: What was so temporary about that situation three years ago? What has changed in the meantime? Has a Russian tank gone home? Have the machine gunners gone home? Have the KGB agents gone home? No. They are still there. You know that, and you know they are going to stay there. So why describe it as a temporary situation? Surely you, as a former Secretary of State for External Affairs, know they have no intention of going home. You must also know how discouraging it is to those people in those countries who are undergoing the most utter misery when you say that this is the ultimate in Canadian-Soviet co-operation. I am sorry, Senator Martin, to appear to be so critical of you, but unfortunately you report to this chamber for the Government, and therefore I shall be referring to you quite often. Surely, after your long career, you did not believe this was a temporary situation.

It must also not be forgotten that Marshal Tito, our second visitor, is not exactly the world's most popular head of state. His welcome in Canada must leave a lot of people in Yugoslavia confused. While I have not received any official communiqué on that visit, I have read press reports indicating that the Canadian Government is considering ways for Canadians to invest in Yugoslavia. After the events of the last few days when we have had Gray reports, black reports and red reports concerning foreign investment in Canada, I wonder what is the difference between a foreigner investing in Canada and a Canadian investing in a communist state such as Yugoslavia.

It is my understanding, Senator Martin, that you intend to reply at the conclusion of this debate, and I should like you at that time to elaborate on, and explain, the difference. I find myself very much confused in that regard.

Great emphasis was placed on a so-called detente and peaceful co-existence. It would almost seem that the western nations were the aggressors, and that Canada in a sudden new-found diplomatic role is persuading the communist nations that they need not fear aggression from the west. Let us compare the record of the western allies with that of the communists—and here, honourable sena-

tors, let me say I love to read these phrases from the communiqué:

> —the principles of mutual confidence, reciprocity, respect for independence, national sovereignty—

They are nice phrases, are they not, Senator Martin?

> —territorial integrity and equality of all States, non-interference in internal affairs—

Nobody has ever interfered in a communist state.

> —renunciation of the use or threat of force, and the settlement of disputes through negotiation in accordance with the United Nations Charter.

• (2150)

You know, this sounds like something that someone would memorize in kindergarten or grades I and II, rather than something that the Canadian Government would sign. Surely this Government cannot be naïve enough to believe that the communists have changed that much.

Let us just go back for a moment and consider the communist activities. Immediately following World War II weapons delivered to Russia from the allied nations—and they were delivered over that difficult Murmansk route—for use against the Nazis were given to the communists to replace the lawful government of China. Now, admittedly this was not the most desirable form of government, but they had been in a war with Japan and really never had much of a chance. The Russians, the strategists Kosygin and Brezhnev, immediately recommended a move into China. Perhaps they regret that move today, but our weapons were poured into China. Anyone who has the idea that the present government of China was a unanimous choice is very greatly mistaken. The people of Taiwan are not there because of a free enterprise system, but because they are refugees from communism.

Several senators, including the honourable Senators Grosart and Manning, have expressed their opposition to our disgraceful abandonment of Taiwan. I am sorry, Senator Martin, to interrupt your discussion with Senator Smith, but I will in a moment be directing a question to you; would you mind? I share their disgust at the callous manner in which 14 million people have been flushed down the sewer of the communists. The question I would like to direct to the Leader of the Government is simply this: What will you do if the communists continue their aggression and, as they indicated in their first speech at the United Nations, one which you very much desired, say they will recover Taiwan? What will be the Canadian Government's attitude in that case? When you sum up I would like an answer to that question. We do not have to confine ourselves and—

Hon. Mr. Fournier (De Lanaudière): That is not our business.

Hon. Mr. Phillips: Communism is always very much our business. You might not realize it, but there are a great many Canadians who do.

Hon. Mr. Fournier (De Lanaudière): I would like to ask the honourable senator, with his permission, what he would suggest? It is always nice, you know, to offer suggestions before asking others to do what you wish them to do. Make a suggestion of your own—

Hon. Mr. Choquette: You make it!

[Hon. Mr. Phillips.]

Hon. Mr. Fournier (De Lanaudière): —and take your responsibility as a senator and a member of a party in the Opposition here. Just tell the honourable Senator Martin what you would do if you had the power to do something. It is very easy for you, when you can do nothing, to ask others what they would do.

Hon. Mr. Phillips: The question directed by the honourable Senator Fournier is actually rather amusing. I have given my fair share of advice to this Government, but despite my best efforts they continue to get into difficulties through disregarding my advice. That is one point.

Secondly, under no condition can I imagine myself abandoning Taiwan, a respectable member of the United Nations. In addition, I would say to you that if Canada had voted according to the provincial laws at least, they could not have admitted mainland China to the United Nations, because of discrimination. Take the example of a golf club. One cannot say he will join provided so-and-so is expelled. That would be discrimination under most provincial laws. Yet the federal Government votes in the United Nations for expulsion of Taiwan, despite all the laws of Canada against such discrimination.

You asked me what I would do? The first recommendation I would make to you, Senator Fournier, would be a complete change in Government, including the Prime Minister and the Secretary of State for External Affairs. I am sure you would be the first to agree with me with respect to that.

Hon. Mr. Fournier (De Lanaudière): That is quite all right, sir, but it is no answer. You change the Government, but you do not change the situation.

Hon. Mr. Flynn: I think the Leader of the Government should thank Senator Fournier for his help.

Hon. Mr. Fournier (De Lanaudière): No; changing the Government of Canada will not change the situation in Asia.

Hon. Mr. Walker: It would be a good thing though.

Hon. Mr. Fournier (De Lanaudière): What would you do to change the situation in Asia? Whether it be a Liberal, Conservative or New Democrat government, what are you suggesting would change the situation there? We would like to hear from you, whether as a Conservative, a Liberal, or a blind man such as you are.

Hon. Mr. Phillips: I would suggest to my friend that he consider my record in this house. He can expect my answer and anticipate it, that I will stick with my friends. I would be damned if I would go to Moscow. Does that answer your question?

Hon. Mr. Fournier (De Lanaudière): Your record in this house up to now, sir, has been nice, fine and clear. Do not spoil it by avoiding the answer to my question.

Hon. Mr. Phillips: I am sorry if I have disappointed my honourable friend in the answer. However, I am sure that he will agree that one answer which does not agree with his opinion in eight years is really not that bad. I am sure that he will accept the fact that I am entitled to my views as he is to his.

Hon. Mr. Fournier (De Lanaudière): We know that.

Hon. Mr. Phillips: I had intended before the interruption of my honourable friend to proceed to discuss the Middle East, an area that I know concerns this Government, as well as a good many other governments, and ask what is the attitude of the international communists in the Middle East. Throughout your communiqué discussions you kept mentioning disarmament. Where is the desire for disarmament on the part of the U.S.S.R. as illustrated in the Middle East? We cannot even trust the communists to maintain the so-called balance of power in the Middle East. If we go a little bit further to the east and southeast, we come to the Ho Chi Minh Trail. Just as many Russian and Chinese arms come down the Ho Chi Minh Trail as American arms enter South Vietnam.

• (2200)

Communist arms come down for one purpose, which is to subjugate and make South Vietnam another communist puppet state. Yet in Canada we find that our Government is concerned only with United States involvement there. They have conveniently put on blinkers and ignored the fact that Canada, as a nation represented in the demilitarized zone, has witnessed one crossing after another by communists into South Vietnam.

We can all recall the rather unfortunate and disastrous events that occurred in Biafra. We recall that Egyptian pilots flew Russian Migs in Biafra. I wonder if it was considered as being non-interference in the internal affairs, or as merely another aspect of a technical agreement whereby the communists agreed to train Egyptian pilots? Many emerging nations who accepted Russian technical advisers now find those same advisers remaining as their political masters.

Even the North and South American continents cannot escape the amoebic-like expansion of communism. Can Cuba be considered a bastion of freedom? Can the building of Russian naval bases in Cuba, even after the forced withdrawal of Russian missiles, promote mutual confidence on the part of the United States of America?

The communiqué states that in their mutual relations, as well as in solving international problems, they will invariably be guided by those principles which I read to honourable senators.

I should like at this point to ask what reforms in the pattern of communist conduct did Premier Kosygin promise in Ottawa? Certainly there must be a complete reformation of Russian communist conduct before any sane person can believe that the Russians will be guided by that long list of principles that I read a few moments ago. Not even Mr. Sharp, naïve as he is, believes that communism has reformed to that extent.

Senator Martin went on to say that many items had to be left out of the communiqué. He referred to attempts by Canada to negotiate with the Russians on a fisheries treaty. Fishermen on the west coast complained that Russian trawlers had threatened to run them down at night, and they appealed to the Canadian Naval Forces for protection. They probably could have done better on their own, but they appealed to the Canadian Government. On the east coast, our fishermen have complained that the Russians do not adhere to international agreements and are seriously depleting the fishery on that coast.

According to what Senator Martin said, as reported on page 1385, less than 20 minutes discussion was devoted to this important subject, and the discussion was carried on through an interpreter.

We have a saying in the Maritimes: "Fish are cut bait". In that discussion one could not even begin to cut bait with or without an interpreter, and it shows how much importance was attached to the subject of fisheries.

Among what might be described as the sins of commission and omission in the communiqué is the fact that the Minister of Defence entertained Mr. Kosygin and held discussions with him in Toronto. I wish to emphasize this point. We have been told of the wonderful trade and technical aspects, and all the other side benefits arising from this visit. But no one mentioned defence. It was the Minister of Defence who held talks with Mr. Kosygin in Toronto.

Honourable senators, does it not scare you a little bit, does it not disturb you to think of our Minister of Defence holding talks with Mr. Kosygin? One might use the excuse that the Minister of Defence is a cabinet minister from Toronto. However, this chamber recommended the appointment of a Minister for Scientific Affairs. One was subsequently appointed, and, by a strange coincidence, represents a seat in the Metropolitan Toronto area. Why did not the Minister for Scientific Affairs, rather than the Minister for Defence, hold discussions with Mr. Kosygin in Toronto?

I am disturbed by the fact that we are holding discussions with the Russians on defence. Emphasis was placed on disarmament and on the European Security Conference.

Disarmament, troop reductions, and so on, are very desirable objectives if they can be achieved. Senator Manning and Senator Thompson mentioned the huge increase in Russian armaments, including missiles, submarines, and conventional land forces. We are all aware that the Russian naval fleet has expanded into the Mediterranean and the Indian Ocean, where Russia did not exhibit any great interest in the past. Compare this with the fact that most NATO nations have frozen their defence budgets. On the other hand, the Russian defence budget has gradually increased. In fact, it has increased by about 12 per cent during the past two years. This fact indicates a negative viewpoint to disarmament.

• (2210)

Hon. Mr. Fournier (De Lanaudière): I do not want to disturb the honourable gentleman; I just want to know what he is talking about. It might be useful for everyone to know at least what he is talking about, and where he is leading to.

Hon. Mr. Phillips: Honourable senators, if the honourable senator fails to follow me—

Hon. Mr. Fournier (De Lanaudière): It is not easy, sir.

Hon. Mr. Phillips: I realize that with his limited capacity it is difficult for him at this hour.

I am quite willing to move the adjournment of the debate until tomorrow.

Hon. Mr. Fournier (De Lanaudière): The honourable gentleman is now using my remarks as an excuse to take his seat. I do resent that, and I want him to know it.

The Hon. the Speaker: Do I understand that the honourable Senator Phillips is moving the adjournment of the debate?

Hon. Mr. Phillips: With leave, yes.

Hon. Mr. Fournier (De Lanaudière): It is about time.

On motion of Honourable Mr. Phillips, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 17, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Lachance and Hogarth had been substituted for those of Messrs. Deakon and De Bané; that the name of Mr. Gibson had been substituted for that of Mr. Laflamme; that the name of Mr. De Bané had been substituted for that of Mr. Watson; and that the name of Mr. Watson had been substituted for that of Mr. Hogarth on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

BUSINESS OF THE SENATE

Hon. Donald Smith: Honourable senators, before the Orders of the Day are called, I wonder if I might have leave to inform the house that tomorrow it is expected Senator Everett will table the report of the Finance Committee, which has been making the special study on Growth, Employment and Stability. This is an important document and I am sure most of us will want to be here in order to obtain a copy of the report as soon as possible.

It might also be useful to inform you that in order to facilitate the work of the Standing Senate Committee on Banking, Trade and Commerce, which is studying the important tax reform legislation, consideration is now being given to the possibility of adjourning tomorrow until Wednesday afternoon of next week, at which time that committee may be in a position to table its important second set of recommendations. Following the tabling of these two committee reports, the Senate will have its agenda fairly well completed, with the exception of consideration by the Standing Senate Committee on Finance, and by the Senate, of supplementary Estimates which will be received from the House of Commons. There is nothing firm in that respect at this time.

I mention this because it might be useful for members to have advance notice that instead of coming back next week on Tuesday night we will likely assemble on Wednesday afternoon.

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday consideration of the report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, November 10, 1971.

Hon. John M. Macdonald: Honourable senators—

Hon. Orville H. Phillips: On a point of order. Last night when, in the middle of my speech, I adjourned the debate on the Canada-U.S.S.R. General Exchanges Agreement and the Communiqué—and incidentally it is not easy to adjourn in the middle of a speech and subsequently continue with one's line of thought—I did so on the distinct understanding that this item would be first on the Order Paper today. I also did so at the request of the honourable Senator Fournier (De Lanaudière) on behalf of the Government. I am now confused about how our Orders of the Day are made up. Since I adjourned the debate last night I would have thought I would be first today, although I am not really concerned whether I am first or not. However, I should like an explanation of how the Orders of the Day are made up, and why I do not at this stage continue with the speech I was making last evening.

Hon. Donald Smith: Honourable senators, I suppose this is a matter that really concerns His Honour the Speaker, who should answer Senator Phillips. However, let me tell him that the Order Paper for today was prepared as it always has been ever since I have been in the Senate. I do not think there was any intention or reason to depart from the standard procedure. Since this matter has been raised, I could find out exactly what the procedure has been in the past and let my honourable friend know.

I have a concrete suggestion to make to Senator Phillips. If he would like to speak first today, all he has to do is to ask leave and I am sure that we on this side of the house would give him leave to continue his speech now. However, there are other items on the Order Paper, one of which is of particular importance, which would have to yield to the one on which Senator Phillips wishes to speak. He would first have to get leave from his colleague, Senator Macdonald.

Hon. Mr. Phillips: It is not my intention to ask for leave. As I pointed out earlier, it is immaterial to me whether I speak first or second. I am merely curious, and am wondering why I, having adjourned the debate last night at the request of the Government, am not now speaking first. I do not blame honourable senators opposite too much for requesting me to adjourn the debate last night; I did not realize I had been speaking so long. I am quite willing to follow Senator Macdonald, although I doubt whether I will maintain the same standard, or make a speech of the quality that I am sure he will make. That is not my problem. I am just curious to know how the Order Paper is made up.

The Hon. the Speaker: I should like to get this clear. Do I understand that I should ask honourable senators if they agree that item No. 2 on the Order Paper be called now instead of item No. 1?

• (1410)

Hon. Mr. Smith: I do not think that Senator Phillips wants it that way. I conclude that he was not asking for leave.

Hon. Mr. Phillips: No, I was not.

The Hon. the Speaker: Honourable senators, before item 1 on the Order Paper is called, I must inform you that Rule No. 21 covers this matter. Since I have nothing to do in the organizing or the planning of the work, I do not want to have any responsibility other than saying that Rule No. 21 provides the order in which the items should be called. We will proceed now with the Orders of the Day.

Hon. Mr. Macdonald: Honourable senators, the report of the Special Senate Committee on Poverty is a very comprehensive document. It is certainly worthy of much study, and its recommendations deserve great and, I think, favourable consideration. That the report is the result of much study of the problem of poverty is obvious.

The report is a tribute to the members of the committee. It shows that they had the zeal, the dedication, the persistence, the knowledge and the determination to carry out the task they accepted, to make a study in depth of poverty in Canada, to tell of its causes and effects and to recommend ways and means whereby, to a large measure, poverty can be eliminated. Members of the committee deserve our thanks for the work they have done. Their report is a valuable one and will influence the treatment of the problem of poverty in Canada for years to come.

Honourable senators, I know the other members of the committee will not object when I say that the chairman deserves a special word of thanks and commendation from us. It is fairly obvious that the recommendations contained in the report reflect the economic and social philosophy of the chairman, a philosophy which has motivated his lifelong drive and determination to help the less fortunate members of our society.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: In my few remarks today I do not propose to deal with the report in any detail. Last evening, Senator Carter, who was a member of the committee, dealt with certain parts of it in a very detailed and comprehensive manner, and I expect that other members of the committee will also speak in this debate.

In discussing the report we must have a very clear idea of what we mean by "poverty", and examine how widespread it is according to our definition. We must consider whether the recommendation of a guaranteed annual income would solve the problem in whole or in part.

I suppose everyone has a general idea of what constitutes poverty—even though we have been fortunate enough not to have experienced it. I have always lived in a small community, a town of less than 10,000 population. My work brought me in contact with a great many people. I know those in that community who were considered to be poor and, indeed, some were considered poor by whatever standards were used to judge poverty. But in a small community, if you know the type of work a householder does, you can estimate pretty well how he is getting along in an economic way. However, I have no knowledge whatsoever of poverty in a large city. I expect and assume that poverty in a large centre is a much more impersonal thing and a much more dreadful condition than that experienced in the small community, although both are bad.

[Hon. Mr. Smith.]

My reason for making this distinction is that I do not think the effect of poverty in a small community is as serious as it is in a larger centre. I do not think, for example, that children of poor people in a smaller community experience humiliations or frustrations in their activities in school and outside school or that they are made to feel inferior in any way to other children.

As set out in the report and as mentioned by Senator Carter, various definitions have been given as to what constitutes poverty. While the report recognizes that insufficient income to provide a decent standard of living is not the whole concept of poverty, yet it is the one generally accepted and readily understood. Using this standard,

> —the committee decided that the sum of $3,500 should be adopted as the initial benefit level for a family of four for the year 1969. The provision of a $3,500 income floor, on a national basis, as a social right, represents a substantial gain for the great majority of families with little or no other income. For instance, $3,500 represents about $1,000 more than the amount received in 1969 by a four-person welfare family where the lowest benefit levels prevailed.

Senator Carter explained in detail how the proposal would work for other family units. I was pleased to see that the committee took care to state that if the guaranteed annual income scheme was adopted, provision would have to be made so that the recipients would receive at least as much as they do under present legislation. This is important. It could be that a recipient of old age security and the full supplemental income might receive more than is proposed under the guaranteed income for a single person.

I might mention here that the supplemental income is not generous. It provides an additional $55 a month, but only when a person has no other income whatsoever. If a person has any other income, the $55 is reduced and in many cases nothing is paid at all. One of the tragic things that I have noticed about this is that elderly people who have always paid their own way and who regard welfare payments as charity are forced to apply for welfare. I can tell you that it is a bitter blow to them.

How widespread is poverty as the report defines it? Well, let me quote from the report again. The first sentence of the Foreword reads:

> Poverty is the great social issue of our time. Unless we act now, nationally, in a new and purposeful way, five million Canadians will continue to find life a bleak, bitter, and never-ending struggle—

Another sentence reads:

> The grim fact is that one Canadian in four lacks sufficient income to maintain a basic standard of living.

If five million Canadians are considered to be below the poverty line by any standard, then it is a tragic and dismal indictment of our economic system and it is a sad commentary on our sense of social justice.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, I think perhaps the report is a little too harsh on its treatment of the present social welfare structure. I do not agree that it has

clearly outlived its usefulness. It certainly could stand improvement, but I think it should be remembered that it grew not only as the need became more apparent but it grew and developed as public opinion either demanded it or accepted it. Over the years it has accomplished much, and I think the Canadian people can be proud of what they have done in this field. Of course, every time their conditions changed, a new concept of social welfare was necessary, and I think it is conclusive proof that a new concept is now necessary when five million Canadians are living below the modest poverty line set out by the committee. Many of these are known as the working poor; they are employed, but do not earn sufficient income to take them out of poverty.

• (1420)

Honourable senators, if we think that the committee has overemphasized the problems, let us look at what might be called outside evidence. The Toronto *Star* of November 15 carried this headline, "Star Santa Fund seeks help for 24,000 children". Then the story goes on to say, in part:

> The Star Santa Claus Fund today opened its 66th consecutive Christmas season of appealing to readers for money to turn into those meaningful extras for Metro's youngsters—and a lot of essentials, such as sweaters and socks and baby clothing and leather mitts, too.
>
> This year, $175,000 is needed to provide Christmas boxes containing these things for 24,000 Metro children 12 years of age and under—

Honourable senators, I think that something must be done if in the great City of Toronto $175,000 is needed by the Star Santa Claus Fund to provide Christmas boxes for 24,000 children 12 years of age and under. I have no doubt that there are many other organizations and many other groups in that city who are also providing some kind of Christmas cheer for many other children. You will find the same thing happening in every city and town in Canada.

I support the recommendations contained in the report. Perhaps they will not do all that the committee hopes for, but in any event they are a sincere, honest and honourable attempt to find a solution to this great social issue of our time. I know there is resistance to the report. Immediately after its presentation the cry went up that its recommendations would be too costly and that Canada could not afford it. Well, I am never overly impressed by that argument. I have heard it so many times in the past, and it is usually propounded by people who would like to turn back the clock and live in days long since gone. I remember, and I am sure many other honourable senators remember, that with the introduction of the old age pension of $30 a month the cry went up that we could not afford it. We were also told that we could not afford family allowances. I know that taxes are high and I realize that there is a great and growing resistance to additional taxation, especially on the part of young married people when husband and wife must both work in order to meet their obligations, and they resent the amount of income tax deducted from their salaries. Yet, where a need exists a solution will be found if there is a desire and determination to find it.

It is not so long ago that $1 billion to fight unemployment was announced and found. I heard no objection to this on the grounds that we could not afford it. I know, of course, that employment, good employment, is the best weapon against poverty in so far as the working poor are concerned. However, in an all-out attack on poverty I believe that the recommendations of the committee deserve great, serious and favourable consideration.

To close my somewhat rambling remarks, I would like to make one further quotation from the report:

> A new approach is urgently needed. Such an approach must bring help and relief at once to those in need, and it must provide the foundation for policies that will ultimately—

And I emphasize that word, "ultimately".

> —eliminate the causes of poverty from our society.
>
> It is the committee's recommendation that the Parliament of Canada enact legislation to provide a guaranteed minimum income for all Canadians with insufficient income. This includes the elderly, the infirm, and the handicapped, female heads of families, the unemployed, those whose incomes are too low because they work in seasonal occupations, and those who are victims of jobs where the pay is insufficient to provide for their basic needs.

A little further on this comment appears:

> The funding of the guaranteed annual income is the responsibility of the federal Government, which would also have the responsibility of devising the kind of tax structure best suited to the circumstances.

Now, objection may well be taken that no mention is made of the difficulty of overcoming divided jurisdictional authority between the federal Government and the provinces and that no mention is made of the detailed machinery which would be necessary to put the plan into effect. However, I believe that the emphasis should be on a positive approach and that we should examine the proposal of a guaranteed annual income, using the negative income tax plan, to see how far it, or an adaptation of it, can be made to work, rather than look for extreme examples to show how it could not work.

Honourable senators, I congratulate and thank all members of the Special Senate Committee on Poverty for the work they have done on behalf of those in Canada who now live below the poverty line.

On motion of Hon. Mr. Smith, debate adjourned.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the inquiry of Hon. Mr. Martin, calling the attention of the Senate to the Canada-U.S.S.R. General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

Hon. Orville H. Phillips: Honourable senators, as I indicated earlier in my point of order, I had adjourned my remarks last evening as a result of questions from the other side. I had not realized that I had been verbose, and had taken up so much time. Therefore those requests were, perhaps, completely justified.

• (1430)

However, I should like to point out the difficulty in recommencing part way through one's speech, of proceeding in the same vein of thought, and, what is even more important, with the same attitude. Before I do so, I should mention that I have often said that this chamber is overloaded with lawyers.

Hon. Mr. Croll: And dentists.

Hon. Mr. Phillips: You are coming to the point, Senator Croll. This chamber is overloaded with and hindered by lawyers. I point out that at this time a former dentist—I am not sure whether or not he is retired—who is acting as Government Leader. Also, at this moment, a dentist is speaking to you, and perhaps for a few moments I could have the indulgence of the lawyers.

Hon. Mr. Choquette: You might extract something from us.

Hon. Mr. Phillips: On the other hand, you could probably do some extracting from us, and learn a little. I would remind the Acting Leader of the Government, Senator Smith, of a remark made by Mr. Speaker Fauteux, who was a dentist as well as Speaker of the House of Commons. It is a remark that I always enjoy telling honourable senators. Shortly after he became Speaker, things got a little noisy, as they sometimes do, and he had to call for order. He did so in a way that I thought delightful. He said that as a dentist he spent most of his life asking people to open their mouths, but now he had to reverse the procedure and ask them to close them.

I am not suggesting that I will close my own mouth any earlier than I intended, but I hope that I shall not take a long time to say what I have to say, and that honourable senators will be kind enough to give me their indulgence as they did last evening.

When the house rose last evening I had touched upon a topic in which I am very interested, namely, the European Security Conference. The communiqué states that we must be prepared for that conference. Having been a delegate to the recent NATO conference held in this chamber, I am very much aware of the attitudes of European countries to the European Security Conference. I am concerned that Canada, with its newly acquired admiration for communist nations, will attend that conference and will disrupt and destroy, even more so than we have in the past, the cohesion and resistance to communism which has existed throughout the life of NATO.

There are many advantages for Russia and communism in having a so-called disarmament conference, and troop withdrawals from Europe. It is very easy for Russian troops to withdraw into Poland or East Germany, and still be within a short distance of the border dividing East and West. Also, they withdraw into a complete police state where no reporter, newspaper, or radio and television station, would dare publish or broadcast troop movements. Within a matter of hours Russian troops could be back in their former position. It is most important that we be well aware of this fact when attending the conference, because Canadian and American troops would have to withdraw across an ocean.

Canadian and American troops are in Europe not because we particularly want them there, but because European nations which are members of NATO requested their presence in Europe. If any honourable senator has doubts about that, let him consider the confusion caused when Canada reduced its small token force in NATO. The total complement of Canadian troops and armaments in NATO amounts to very little, yet it provides a great boost in morale.

Mr. Hillenbrand, the United States Assistant Secretary of State, said less than a month ago that European nations tend to look upon the American commitment to NATO, and their presence in Europe, as a barometer or an indicator of American interest and involvement there.

Honourable senators, I think we can say that our own barometer in that regard is not rising, and, as one who is a wholehearted supporter of NATO, I am disappointed.

Let us consider for a moment the effect of certain troop withdrawals. Here I am assuming, I hope wrongly, that Canada will, because of this new attitude, go into this conference with the idea of co-operating with the Soviets, to use the new term—I still prefer the old-fashioned term "communists"—and recommend troop withdrawals. Consider the psychological effect on the Europeans. They are much closer. They have seen the dividing wall. Many of them have had an opportunity to look upon the barbed wire and electric fences, the mine fields, and so forth, that divide East and West. If they are left defenceless the psychological effect will be such that the communists will dominate Europe without any struggle whatsoever. Make no mistake in that regard, honourable senators. The Europeans will live in an atmosphere where they will see a mass of communism move towards them as a glacier, and they will live in fear. When persons live in fear of domination they tend to accept it. I hope, in the forthcoming European Security Conference, that Canada will bear in mind this fear that the Europeans must have when they see this massive communist machine ready to dominate their lives.

• (1440)

Throughout the debate there has been repeated reference to the fact that Canada, because of its new-found admiration for communism, is attempting to do what was once called "horse trading"; that we are attempting to balance our position between our neighbours to the north and our neighbours to the south. I know there have been repeated denials from the Government benches in this regard. No one seems to believe there is anything but trade involved.

Honourable senators, we all know the cost of living in this country; we all know how difficult the average Canadian finds it when he goes to buy a certain appliance and other articles he would like. We are also aware of the fact that he is probably paid five to ten times the salary of his counterpart in Russia. In light of these facts, how can we ship goods to Russia and expect the Russian people to buy them on their salaries? It cannot be done. There is no way you can send an appliance manufactured in Canada,

be it a refrigerator, a television set, an automobile, or any other article, to Russia in trade and expect the average Russian to walk into a store and buy it. He cannot do it. He does not make enough money under socialism to be able to buy these things. It is utterly stupid to be talking about trade with someone who cannot afford to buy what you have to sell.

In my remarks I have criticized the Government quite strongly for its association with communism and with communist nations. I must now change to a different attitude, and say that perhaps we have been tied too closely to the United States. Perhaps we have taken the obvious markets when there are other available outlets; but, as I have already attempted to point out, they are not the communist nations. On the other hand, I am not opposed to the idea, to use the popular terminology, of building bridges between the communist nations and our nation although I have great doubts about the so-called bridging.

Article 1 of the communiqué states that all exchanges will be on the basis of the laws in force in each of the two states. If we are going to respect every law that exists in the communist state—laws that are contrary to our system—how, in the name of Heaven, are we going to change those people? We are not going to be able to. I am disturbed that we are establishing two-way traffic over a bridge and we do not have a twentieth century Horatio on our side. Honourable senators, we need someone at our end of the bridge—not a customs officer, but someone to make sure that the communistic techniques used in the past are not being funnelled into Canada.

The agreement also deals with cultural exchanges. We can have all the ballet we like. We can have various exchanges providing, of course, there is 30 days' notice, which really is not that much.

Perhaps I am showing my right-wing tendencies a bit too much, but in Canada we have many professors who are Marxist members of the NDP. There is little distinction between those philosophies in my book, but I will call them Marxist-NDP professors, and they are attempting to indoctrinate our youth during their university years when they are most susceptible. I find it rather amusing to picture a cultural or educational exchange between professors of this type in Canada and their counterparts who dare to speak out in Russia. Can you imagine these professors receiving a Canada Council grant for two years' study in a Siberian labour camp? I would like to see that happen. It would probably enlighten many of them, and bring them back to reality.

• (1450)

Part of the tenor of the debate has been to show that Canada is attempting to play the United States versus Russia and Russia versus the United States, and take advantage of that situation. This has been denied by the Government a good many times. But I have listened to so many denials, so many predictions and so many quotations, from this Government that I no longer accept or believe anything emanating from the East Block. I am greatly disturbed that we are suddenly changing not only our political but our economic tradition; that we are attempting to play the south against the north, and the north against the south.

This may seem extreme, but at times I feel that this Government looks upon the Canadian people as a bunch of lemmings that they can lead over the Arctic and into Siberia or Outer Mongolia. We are not lemmings; we do not make the same savage run to self-destruction. We still respect and trust our friends in the Commonwealth and the United States. Admittedly there are difficulties. Certainly no one can overlook the 10 per cent surcharge imposed by the United States. On the other hand, can we honestly overlook the American difficulties?

I think back to some remarks made by Senator Javits of New York, when he was speaking in this chamber at the NATO Conference, to the effect, "We ask you to realize we have problems. We ask you to negotiate with us in good faith. Trust us to be reasonable and we will trust you to be reasonable."

Honourable senators, I think this should be our approach to the problem confronting us. Unfortunately, Senator Fournier (De Lanaudière) is not present. Yesterday evening he asked me for a suggestion. I did not want to give it to him at that time, but I do now. It is that we approach the problem with reason and in good faith, and I am sure we will be met at the other end by people who will reciprocate.

In conclusion, I would ask honourable senators to remember that St. Peter, at a moment when he was disheartened and dispirited, was asked *"Quo vadis?"* I think it is high time that the present St. Pierre was asked *"Quo vadis?"* I also think it is time that each and every one of us as senators, and that each and every Canadian, paused to ask the question, *"Quo vadimus?"*—where are we going?

On motion of Honourable Mr. Smith, debate adjourned.

THE ECONOMY

ASPECTS OF ECONOMIC CLIMATE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(Honourable Senator Langlois).

Hon. L. P. Beaubien: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Beaubien do now speak instead of the honourable Senator Langlois?

Hon. Senators: Agreed.

Hon. Mr. Beaubien: Honourable senators, I am indebted to Senator Desruisseaux for introducing this motion. I congratulate him on his speech, and also Senator Lang who spoke on the same subject.

I am delighted to have the opportunity today to speak on one aspect of the economic climate. I wish to criticize the leadership of organized labour, because I feel that in a great many cases the leaders have not stood up for those they are supposed to be leading.

Since I am going to attack labour, let me begin by saying that I started work 10 years before the great depression. During the depression many people whom I knew intimately lost their jobs. They had no pensions; there were practically no pensions available. They were

out on the street. There was no old age pension, no welfare, no unemployment insurance. There were very few charitable organizations. All of us who were working in those days will remember the long lines of people waiting to get something to eat. I came out of that depression with the very strong feeling that the working man was not able to defend himself unless he combined with his fellow workmen so that they could protect themselves through sheer weight of numbers.

• (1500)

Honourable senators, during the war years there was an important change in the amount of money the average working man earned. In my province, it was unbelievable. Before the war in rural Quebec, many people living on farms had literally no cash income.

There has been a tremendous change, but what impressed me most was how good it was for business to have the working man get a big salary and, in many ways, in spite of the enormous complications, the bigger the better. I am not going into inflation and allied problems, but wish just to make that statement. As far as the capitalistic system is concerned, there is no place where the climate could be worse than in a country where a few families own everything, and the working man has nothing. Therefore, I am for labour a hundred per cent, but it is time that labour leaders worked for the best interests of their own people.

Let me take you back to the time when Mr. Kenneth Carter produced his report. I wish to deal specially with the greatest industry we have, the industry in which we are absolutely tops in the world—the mining industry, the extraction industry. Mr. Carter studied that industry very carefully, and in his report pointed out that we were tops. He thought that because the tax laws were very favourable, the mining industry was not paying its fair share of the tax burden, that this was unfair, and, therefore, that the unearned depletion should be abolished.

It seems to me that if I had been a labour leader, I would have pointed out that the tax laws under which all corporations operate in Germany require just about what our mining companies pay now under the present act. This is also true of Japan. These are the two countries which have made great economic strides since the war.

Since the Carter Report was published there has been a lot of discussion about labour intensive industries. I do not think that that kind of discussion makes any sense. Let me try to prove my point.

In 1970, the extraction industries produced $5,700 million in value extracted. Just about every cent of that money was spent on wages—90 per cent of it in Canada. Therefore, it is safe to say that every dollar's worth of production turns out to be a dollar of salary somewhere.

To try to prove my point let me take the greatest mining company in the world, International Nickel. In 1970, International Nickel produced $1 billion worth of nickel, copper, platinum, and a few other metals. That was their biggest year. In that year they increased their funded debt by selling $75 million worth of bonds. At the beginning of this year they sold another $150 million worth of bonds. So they raised new capital, after their greatest year, of $225 million.

[Hon. Mr. Beaubien.]

What does that mean? It means they spent every cent of the $1 billion plus a little more, and that practically all of it was paid as salaries.

It is true they paid a dividend. Let us look at that aspect. In 1970, International Nickel paid $1.40 a share on 74 million shares. That works out to $103 million paid in dividends. Who got that money? By far the biggest shareholders in Canada of International Nickel are life insurance companies, pension funds, mutual funds, and widows and orphans. One might say that they do not receive a salary, but if a man has worked all his life and gets a pension, then in a way it is a continuation of his salary. The same is true of the bond interest.

Honourable senators, of that $5,700 million produced by the mining industry in 1970 just about every cent was paid out in wages to somebody. How else could it go?

I remember that at the end of the war it was found that the federal Government had three horses on its payroll at Petawawa. Even in Ottawa, that is unusual. On the streets, it is true, you do not see many horses. However, if you think of that part of the animal that is facing south when the horse is looking north, in Senator Manning's direction, then I think we have quite a few of those in Ottawa.

Honourable senators, I want now to deal with what I consider is anti-American feeling in our labour movement. Let me take you back to the end of the war. In 1946 Imperial Oil—which, as you know, is owned by Standard Oil in New Jersey—sold its interest in International Petroleum for $90 million. It took the lot, and threw it into exploration for oil. In 1947 they brought in Leduc No. 2. That discovery changed this country from a long string bean with very little in the middle except a few wheat fields. It is true that we sold some wheat but the markets were very far away, and to be competitive the government had to subsidize the freight rates, and the shippers continued to pay the rates set in 1886.

Hon. Mr. Macdonald: The Crow's Nest Pass rates.

Hon. Mr. Beaubien: At the same time, Hollinger Mines formed a consortium made up of American steel companies. They built a railway 360 miles long through the most difficult terrain in the world. They developed there that enormous iron ore complex which did so much for our province—a complex which, as you all know, at the moment is expanding to the tune of $600 million now.

• (1510)

Honourable senators, the oil companies, as we were told when they appeared before the Standing Senate Committee on Banking, Trade and Commerce, have in the last 15 years spent over $5 billion on exploration. Every cent of that has been spent in wages. It cannot have gone anywhere else. In other words, if you buy machinery, supplies, or anything else that you must have to carry out your exploration work, that expenditure turns out to be salaries paid to somebody.

I would say that the benefit we have received from these two developments is enormous. Now what is on the horizon? The only way of getting the gas from the Arctic islands and Prudhoe Bay is by pipeline. Should it be decided to expropriate a long strip of country to lay a gas pipeline, no doubt it would be sensible to put in an oil

pipeline also. I do hope these developments will take place. It is estimated the pipelines would cost $4 billion.

Again, at the other end of the country, there are five rivers that run into James Bay, which is the only potentially enormous reservoir of hydro-electric power we still have untapped.

Hon. Mr. Smith: Except the Bay of Fundy tides.

Hon. Mr. Beaubien: Whether that development could ever be economical is another matter.

Hon. Mr. McElman: But it is still untapped.

Hon. Mr. Beaubien: We think the James Bay development would cost $6 billion. Where are we going to get the money? Who is going to do these things? It seems to me that we will need a lot of help from our American cousins. Our people need the work. Every one of our provinces is on its knees trying to get people to come and give us employment. Surely the great responsibility of any government today is to create an environment where trade and commerce will flourish so that we can give work to our people.

Look at what the Department of Regional Economic Expansion is doing. It is providing money all over the country trying to stimulate business. It certainly believes that the economy needs stimulating.

Labour and management are married. There is no conceivable possibility of a divorce. They might, as an awful lot of married people do, fight every now and again, but surely when the Government is increasing taxes, or creates conditions which are harmful to business, labour and management should take a common stand. It is labour's job to put pressure on bad government. Labour has the votes.

The big advertisers seem to have decided that radio and television are better than newspapers as advertising media. As a result, everywhere in the world—not just in Canada—newspapers are hanging on the ropes. They are fighting desperately to cut costs in order to keep alive. I do not object if labour wants to fight with them. Let them fight. But does it make much sense? The papers are folding up anyway.

In my thinking there is only one way to keep increasing our standard of living—we have to have a profit-sharing arrangement between labour and business. We have to have this in order to get our costs down. By sharing the profits our efficiency will increase a great deal, and both business and labour can make more money.

Could anybody have thought, before the war, that it would be possible to carry on any kind of business in Canada with a federal sales tax of 12 per cent? The Americans have none. Moreover, in our province we have another 8 per cent on top of that. Thus, before you buy anything, there is 20 per cent added to the cost. It just makes no sense. And if a business makes a profit after paying civic and provincial taxes it then pays half its profit to the federal government in income tax.

If a business fails, who suffers most? Management? No, management has the know-how and can move somewhere else. Management can start up again. They can borrow money to get going again. But labour cannot move. Labour is stuck. Labour always suffers the most.

Honourable senators, it is time that labour grew up. They know all about fighting management to get the increases they feel they are entitled to, but when it comes to dealing with the Government they seldom take management's side. Labour should say, "Leave us alone. We pay the taxes."

Hon. Edward M. Lawson: Honourable senators, I feel compelled to make a few brief comments in reply to honourable Senator Beaubien's remarks. It will be necessary for me to leave in a few minutes to attend a meeting where proposals will be made for new regulations to bind employers. Before going to that meeting I think I should point out to my honourable friend that I do not think he is correct when he suggests that the large majority of labour is anti-American. On the contrary, an overwhelming majority of 70 per cent is comprised of members of international unions that, by and large, are American in flavour.

I have been absent from this chamber the last couple of weeks because I have been attending in the United States two regional conferences of our organization. It came to me as a surprise to find that one of the critical issues decided at one conference was what was going to be the attitude of labour towards working with the Nixon administration on the second phase of the wage and price controls. The international president said to the assembled group, representing 600,000 members in the United States, "Our position is that we should work and participate on the inside of this committee; work with the committee. We have a responsibility to the total economy, and we cannot do it from the outside and we cannot do it with other people making decisions for us."

• (1520)

Honourable senators, it came as a complete surprise to me that the unanimous decision of the delegates there assembled, representing 600,000 American workers, decided to work with the Nixon administration on phase 2 of the wage and price controls. Whether this attitude will continue is still to be determined because it involves many questions, including the sanctity of contracts. However, as I say, the conference decided to go along with this.

Reference has also been made to this wave of anti-Americanism that prevails in some quarters at the present time, and I think we have to assume some of the responsibility for it. Let me say here that I was impressed by the remarks of Senator O'Leary, that nothing could be more foolish or more ridiculous than to keep feeding this wave of anti-Americanism. I had the opportunity of speaking at the convention and I expressed there the same views that Senator O'Leary expressed here. How could they say that the Japanese were their best customers? It just is not true. We are their best customer, as they are ours. Treating the matter somewhat in jest, I suggested that in response to the surcharge perhaps we should declare war on them but if we were to do so we would probably end up in the situation they are in now, having the same problems they have, and we certainly would not want that.

Then, speaking seriously, I suggested that we had a responsibility, as they had a responsibility, to act in such a way that it would be possible to combat this anti-Americanism that prevails, as I have said, in certain quarters. Unlike the American government and people, we know

exactly where we stand on these issues, and we realize that we have such a responsibility. So often we find that there is no positive approach, and the only time we hear anything from one side or the other is when there is something to criticize.

Honourable senators, I am still waiting to hear industry say to labour, "We want to congratulate you on the particular position you have taken." But, perhaps they have not found too many positions on which they would want to congratulate them.

I agree with the point made by Senator Beaubien at the outset of his speech concerning mining. I know that in my own province we have many low-grade mines which now produce a considerable amount of revenue in taxation, quite apart from the fact that they provide employment in small communities, where previously there was no economy and where many people who existed on welfare payments have now become self-supporting. It rather surprises me, when questions that vitally concern such communities arise, that civil servants in Ottawa should say that those problems have to be put aside for some time to be dealt with later. If the problems are not dealt with and these low-grade mines cannot provide employment, then these communities will go back to being areas of high unemployment. There is a need for labour's voice to be heard in support of amendments to encourage that kind of development.

There were some points mentioned by Senator Beaubien with which I cannot agree. There are too many cases where we endeavour to come to the aid and support of industry, and fail to remember that where industry and labour are concerned there is a mutual responsibility.

Let me take one example from my own province where recently there was a merger of two companies. One of my personal friends had worked for one of these companies for 33 years, and was within two years of pensionable age. But, he has no pension, and there is no provision in the regulations compelling a company to do anything about it. We have many workers who have worked for that length of time, and who now find themselves out on the street with no job and no pension. They have nothing. Surely in a situation like that the voice of labour must be heard to ensure that there will be some form of control to guarantee the protection of workers' rights. There are too many cases of this kind.

Honourable senators, I have said many times that I cannot understand the concern of industry when they talk about the power of labour and the great impact of labour. Only 30 per cent of the labour force across the country is organized. Even in the Province of British Columbia it rises to only 40 per cent. What about the other 60 per cent or 70 per cent? These are unorganized workers whose voice is not being heard.

Within 10 miles of any of our major cities you can find companies which are not even paying the minimum wages, which are not providing holiday pay, and which are not even complying with the basic regulations. There are agencies which are devoting many hours and great sums of money to collecting the thousands of dollars resulting from the unpaid claims of many workers.

Let me point out that trade unions would become obsolete if employers were to treat their employees fairly and honestly. Unfortunately, we have always been able to rely on employers to steal from their employees, to deny them basic rights, and to cheat them out of wages and fringe benefits, thus ensuring the continuation of labour unions and causing them to expand and grow at an accelerated rate. I look forward to the day when industry conducts itself in such a manner that trade unions will, in fact, become obsolete because all social problems will then have become obsolete, and I shall be able to devote more of my time here.

Honourable senators, I should like to make one final comment relating to the anti-Americanism to which I referred earlier. While I was at the conference it transpired that they could not commence until they had a Canadian flag in recognition of the presence of a very nominal number of Canadian members of the organization. Eventually they found one, and during the course of the conference they presented me with that flag which was 12 feet tall and had an estimated value of $200. On my return home I could not take it on the aircraft, so they sent it to me. I have now been informed that it is at customs and I can pick it up by paying $16.75—to bring a Canadian flag into Canada.

On motion of Hon. Mr. Smith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 18, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Miss Renaude Lapointe has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Hon. Renaude Lapointe, of Montreal, Quebec, introduced between Hon. Mr. Martin and Hon. Mr. Bourget.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

[*English*]

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the name of Mr. Dinsdale has been substituted for that of Mr. Schumacher, and that the names of Messrs. LeBlanc (Rimouski), Laflamme and Smerchanski have been substituted for those of Messrs. Marchand (Kamloops-Cariboo), Prud'homme and Osler on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

THE LATE SENATOR ARTHUR W. ROEBUCK

TRIBUTES

Hon. Paul Martin: Honourable senators, we learned last night of the death of one of the most senior members of this chamber, Senator Roebuck, who died at the age of 93. Senator Roebuck has been bed-ridden for almost two years. His vacant chair to my left was held for him in the forlorn hope that, in spite of the seriousness of his illness, he might return to the Senate where he served Canada with such distinction and for so long a time.

I am sure that even those who did not know Senator Roebuck personally—and I think particularly of the newer senators—are nevertheless familiar with his long career, both parliamentary and in national and provincial affairs generally.

One of the great figures of Parliament Hill has passed away, one of the great figures of both Houses of Parliament is now gone to his reward. The memory of him will serve as an inspiration to all of us and to generations that will follow.

Senator Roebuck was born in Hamilton, Ontario, and educated in the law at Osgoode Hall. For a time he served as a journalist, working for the editorial staff of the Toronto *Star*, and later as owner and editor of the Temiskaming *Herald* and Cobalt *Citizen*.

He had an early interest in politics, though his initial efforts in provincial and federal elections were unsuccessful. His public life spans a period of 59 years. He won a seat in the Ontario Legislature in 1934 and became Attorney General, Minister of Labour and a member of the Hydro Electric Power Commission.

Arthur Roebuck, as we all know, was a man of principle. He resigned from the cabinet of Mitchell Hepburn over a policy disagreement with the premier. He was, however, re-elected in the 1937 Ontario elections.

Senator Croll, who was his seatmate in this chamber for a number of years and who was his colleague in the Hepburn government, is not here today to add his tribute to Senator Roebuck. Senator Croll was in touch with me this morning. He was called away yesterday because of the deteriorating condition of Senator Roebuck. He would have wished to have been here today and I am sure we all recognize that no one has a greater right to pay a tribute to Senator Roebuck than has Senator Croll. It will be understood that when he returns at the beginning of next week his wish to pay a tribute to his late colleague and friend will be at once recognized and acknowledged.

Senator Roebuck moved to the federal scene in 1940, when he was elected at the general elections of that year and became a member of the House of Commons. His Senate career began on April 18, 1945. He served on many Senate committees—the Immigration Committee, the Private Bills Committee, the Finance Committee, the Tourist Traffic Committee, the Public Health Committee, and the Civil Service Committee. It is as chairman of the Divorce Committee that perhaps he is best remembered. He assumed that chairmanship on November 18, 1953, and retained it until the termination of that committee. Honourable senators who were in this chamber on Tuesday evening, when tributes were paid on the occasion of the death of Senator Aseltine, may be interested to recall Senator Roebuck's final speech on divorce, on November 26, 1969. He generously paid tribute to his colleague and predecessor as chairman, Senator Aseltine. And now we learn of the demise of these two great senators, both in the same week.

At the time of his passing, Senator Roebuck was chairman of the Legal and Constitutional Affairs Committee, a committee which had been created in 1969 when it was

decided to re-allocate the work of our committees. He will be missed on this committee, and in the chamber, where he spoke with authority and eloquence. Those who heard him speak will recall the facility with which he spoke, whether delivering an off-the-cuff comment or a formal address prepared with his own notes.

• (1410)

Honourable senators, to say that someone was a friend of the poor and of the oppressed has become somewhat of a cliché, but in the case of Senator Roebuck it was literally true. We know that his political philosophy, his political conduct, his political program was based upon love and concern for dependent groups. He was a champion of civil liberties. He was a recognized champion of the rights of labour, whose cause he served in an objective manner.

This morning in the *Globe and Mail* tribute was paid to him in an editorial which read:

> He continued to be a man able to command respect through his evident concern for human rights and his instinctive defense of the underdog. The pattern of his life ran unbroken to the end: he was a reformer all the way, and the years failed to drain his zeal.

I am sure that no words better express our characterization of Senator Roebuck's political philosophy than these words I have quoted from the *Globe and Mail*. He undoubtedly was a great figure, a greater figure perhaps than many of us earlier had realized. He was a man dedicated to the cause of the democratic process and one who was unwilling to accept unfair criticism of this body or of Parliament itself.

I have served in the Senate but for a short period of time. I know there have been some very great senators who have adorned this chamber; but I cannot believe that there were too many who possessed to the same degree Senator Roebuck's greatness, his imagination and his desire to serve his country and his generation.

Hon. Lionel Choquette: Honourable senators, yet another of the grand old men of Canadian politics has passed away.

Arthur Wentworth Roebuck was a reformer, a man who many would say was always well ahead of his time; a humanitarian and a progressive. His only concession to the past was his sartorial preference for starched angel-wing collars. This was, of course, a deliberate and endearing affectation.

Throughout his career, which spanned some 75 years and involved three different professions—journalism, law and politics—Senator Roebuck acquired a reputation as a defender of the underdog, a crusader against injustice, discrimination, and official high-handedness in all of its many and varied forms. He was at once a good friend and a wily adversary.

He went from the hardships of a poor Ontario farm in the 1880s to selling dry goods and working as a reporter and editor in Toronto and New Liskeard.

His working-class background had a significant influence upon the now historic stand which he took in the General Motors strike at Oshawa in 1937. At that time, he took the position along with Senator Croll that he would rather march with the men of the production lines than ride with management.

[Hon. Mr. Martin.]

Besides his championship of labour's right to organize, he fought valiantly for civil rights. He was one of the first to call for a Canadian Bill of Rights. He also laboured indefatigably in support of legislation to suppress the use of hate propaganda. His noble efforts in this area merited him, quite deservedly, the Anti-Defamation League's annual Human Relations Award for 1969. He was a great libertarian for whom the protection of minorities was a matter of paramount importance.

He worked arduously at trying to have the Constitution modernized and the social security laws improved, but he often met with frustration and defeat as every reformer does. However, setbacks seemed only to act as stimulants in his case, and one could always look forward to his bouncing back soon afterwards with another idea from his most fecund mind.

An uncompromising freetrader and an unabashed follower of the Henry George School of economic thought, he found himself quite often at odds with his own party in matters pertaining to trade and taxation.

I can recall his saying in his contribution to the debate on the motion for an Address in Reply to the Throne Speech in November 1969 that the continued decrease in the purchasing power of the Canadian dollar, and the consequent decrease in the living standards of Canadians, was a national disgrace directly attributable to the Government's wrong-headed insistence on watering the money, and irresponsibly increasing the money supply with a frightening lack of concern for the inflationary effects of such a measure.

He will be well remembered by many for his violent opposition to that amendment to the Supreme Court Act which would have limited the number of automatic appeals to the high court.

But most of all will he be remembered as the moving force behind the extension of the grounds for divorce in Canada. In this area was he convinced that we were antediluvian, and in this area did he proceed to show us the way.

The man was a legislator of great depth and understanding. He had a feeling for the common man which he was able to articulate with great fluency and volubility.

The Senate loses a fine incisive legal mind, a twentieth-century small "l" liberal, a tireless worker who chaired the Divorce Committee and the Legal and Constitutional Affairs Committee with a deftness verging on genius. The country loses one of its foremost citizens.

We are deeply saddened by his death and take this opportunity to extend to his family our most sincere condolences.

Hon. H. Carl Goldenberg: Honourable senators, I regret that my first words in this chamber should be occasioned by a death, but I must take advantage of this sad opportunity to pay tribute to a grand old man who was a great friend of mine over a period of many years. I refer to Senator Arthur Roebuck as a grand old man, but he never really grew old. I remember attending his 90th birthday party at which he said to me there were only two members of his family who had died young; one had died at the age of 83 and the other at the age of 84. At this same party he kissed my wife on the cheek, and as she turned

around he said, "Oh, no, Mrs. Goldenberg, we must have balance," and he kissed her on the other cheek.

• (1420)

It was my good fortune to be associated with Arthur Roebuck in the field of labour relations over a period of some 25 years. We sat on boards of arbitration, and were associated in mediation. I learned to admire this man of high principle, integrity, sincerity, and humanity. He loved humanity, but above all else Arthur Roebuck was loyal to Canada. He was a great Canadian, and Canada is far poorer without him.

Hon. Eugene A. Forsey: Honourable senators, may I be permitted to add a very few words to the eloquent tributes, every word of them deserved, to our late colleague?

I knew him only slightly. It is one of my great regrets that I did not arrive here soon enough to sit in the same chamber with him. However, I wish to add my special word, my small tribute this afternoon because I happen to be one of the few members of this chamber who has been a trade union official. I was one for many years, and I think it only right to say that I am confident that the trade union movement of this country will long hold Arthur Roebuck in grateful remembrance.

I think that in 1917, the first time he presented himself as a candidate for the House of Commons, he ran as a labour candidate, or at any rate a Liberal-labour candidate. He came very close to winning the seat in Temiskaming in that election. Candidates of that stripe were not very popular in most of the country in that election.

He continued to be a loyal friend of labour throughout his career notably, of course, in that crisis in Ontario of the Oshawa General Motors strike, to which Senator Choquette referred. When any of us from the trade union movement appeared before the then Standing Committee on Immigration and Labour we were always sure of a sympathetic hearing from Senator Roebuck. This was something we appreciated the more because a great many members of those committees appeared to feel that here was an opportunity to get a bit of their own back against those detested trade unions. So we always appreciated especially the very sympathetic hearing we received from Senator Roebuck—the very kindly and sympathetic reception.

Until his very last illness I think one could say his eye was not dimmed, nor his natural force abated. I never saw any sign of age in him at any time we met. Even his physical appearance was astonishingly youthful. No one would take him for anything like the age he had in fact attained.

Finally, may I be permitted to say that Arthur Wentworth Roebuck bore a great and illustrious name, not only in this country, but in Great Britain, and he added lustre to that name.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of a Statement of Canada's position on chemical and biological warfare, delivered at the United Nations General Assembly on November 16, 1971.

First annual report of the Commissioner of Official Languages for the fiscal year ended March 31, 1971, pursuant to section 34(2) of the *Official Languages Act*, Chapter 0-2, R.S.C., 1970.

NATIONAL FINANCE

REPORT OF COMMITTEE TABLED

Hon. Douglas D. Everett: Honourable senators, I now table the report of the Standing Senate Committee on National Finance, which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation. The report is entitled "Growth, Employment and Price Stability". In view of the fact that honourable senators have had the report since this morning, I request leave to make a statement in explanation of the report, notwithstanding Rule 78.

The Hon. the Speaker: Has the honourable senator leave to make a statement respecting the report?

Hon. Senators: Agreed.

Hon. Mr. Everett: Honourable senators, the report by the Standing Senate Committee on National Finance on Growth, Employment and Price Stability is now before you. Before proceeding with an explanation, I should like to thank the members of the committee who worked so hard on the hearings and the production of the report. In particular I should like to mention the Deputy Chairman, Senator Molson, and the Whip, Senator Laird.

I should like also, as we have done in the report itself, to thank the staff of the committee under the able leadership of Dr. James Gillies, the study director. As we say in the report, "They were burdened with many complex administrative and technical problems which they have solved with patience, skill and grace."

The committee was authorized to proceed with its hearings on March 17 of this year. On May 4 it commenced the first of 27 hearings involving 45 witnesses. The witnesses were knowledgeable in the field of economics, and came from business, government, and the academy, from throughout Canada, the United States, Japan, Germany, and the United Kingdom.

Appendix II of the report lists the witnesses who appeared before the committee. Appendix III lists the many individuals and organizations who submitted briefs, proposals and comments to the committee.

Honourable senators, the report is about economic stabilization, which is a branch of government policy which attempts to hold the economy close to its potential growth path while keeping down unemployment and inflation. The main theme of the report is that in a growing economy the war against inflation and unemployment is a long one, which will be fought successfully if people realize this fact.

The main weapons in this war are the demand levers of monetary, fiscal and exchange rate policy. The problem is that these levers suffer from what economists call lags, in that there is a time difference between the application of these policies and the effect on the economy itself, and the time difference can be extremely long. Therefore, these

major levers should be used to deal with prolonged deviations from the growth path, and should not be used to fine tune an economy. They should be set and allowed to work on a medium-term forecast, which means that government policy should not over-react, as it has done many times in the past, to short-term crises. Government policy in the use of these major levers of demand must be studied, and the public must be made aware that these levers do suffer from lags, and that policy takes time to work.

• (1430)

There are those who suggest that the way to handle this dilemma is to have rules. They say that the demand levers of monetary, fiscal and exchange rate policies should be exercised in accordance with predetermined rules. We looked at this, and in the case of fiscal policy we recommended a rule called "high employment budgeting". By "high employment budgeting" we mean that the federal Government, for any given rate of unemployment, should set its revenues and expenditures at such a level that if the economy was operating at high employment the budget would be in balance or in slight surplus.

In the case of monetary policy we were confronted with the "monetarist" rule that the money supply should grow at some predetermined rate associated with the growth of the gross national product. Regretfully, the committee had to reject the monetarist rule, because we concluded that while the money supply aspect of monetary policy is of overwhelming importance in running the economy, nevertheless, the Bank of Canada must be concerned with interest rates, exchange rates, liquidity and the financing of government debt. While we reject the rule, at the same time we say to the bank, "Historically you have been too concerned with short-term crises; you have over-reacted, and, while we say that you cannot operate to a rule, you should give more concern to the aggregate of the money supply than you have in the past."

In the case of interest rate policy, we heartily endorsed the continuation of the floating rate in Canada, because it gives Canadian economic policy a degree of independence that is not available to it when the rates are fixed. We say to the Canadian policy-makers that no matter what they do they should attempt, in the interest of independent Canadian policy, to maintain the floating exchange rate for Canada. While we say that the exchange rate should float, we do not mean that it should float in an uncontrolled manner. What we mean is that the Bank of Canada and the Government of Canada should use monetary and other policies to control the exchange rate where it is necessary to do so in the interests of our country's economy.

Therefore, the first major point we make is that the demand levers of fiscal, monetary and exchange rate policies are the main levers that we have in controlling the economy and they should not be used to fine tune.

The second major point we make is that at the present time and in the present state of economic policy a trade-off exists between the goals of high employment and price stability. By this we mean that when demand is expanded and unemployment falls towards the 3 per cent goal set by the Economic Council of Canada, we will have too much price increase. When demand is restrained and the price increase is reduced towards the 1½ per cent inflation rate recommended by the Economic Council of Canada, we will have too much unemployment. Therefore, we say that in the present state of economic policies in Canada we are faced, whether we like it or not, with a compromise between the goals of high employment and price stability. If we want too much of one we are not going to have enough of the other. It seems to us on examination that the refusal to recognize this is the basic reason for the stop-go economy of the past few years.

We believe that the Government should recognize the fact of the trade-off and should improve its policy in three areas.

First of all, if a trade-off exists, it should get the best it can out of the compromise in the medium term. So, what we strongly suggest is that the Government should commit itself now to moving the economy over a reasonable but definite time period to a point where unemployment is at a seasonally adjusted rate of 4½ per cent. This would be a great improvement over the present rate of 6 to 7 per cent, and in our judgment it would allow us to achieve a medium-term goal for inflation—and I underscore "medium-term goal"—of 2 to 3 per cent.

We as a committee accept the Economic Council's goals for full employment and price stability, but we say that the medium-term goals, because of the trade-off, are far better than past performance which has been anywhere from 3½ per cent up to 8 per cent unemployment, with an inflation rate of up to 5 per cent. We believe that a commitment by the Government of the nature that we suggest would produce a steady policy that the public could understand and support.

But while we talk about the medium-term goals we must also realize that 4½ per cent unemployment and a 2 to 3 per cent inflation rate are, for the long term, unacceptable. We suggest there should be protection for those who suffer from unemployment and inflation. We believe there should be improved arrangements for unemployment assistance for those who are not adequately covered by unemployment insurance, and we believe that there should be full adjustment of old age security and payments from the Canada Pension Plan and the Quebec Pension Plan to cover price increases in the Consumer Price Index.

That is our medium-term goal for the type of trade-off that exists today. But we cannot stop there; we cannot accept the trade-off as it is; what we have to do is move the trade-off to a level that is consistent with the Economic Council's goals. We suggest, therefore, that there be a vigorous implementation of supply and structural policies which will have this effect. Fiscal, monetary and exchange rate policies are demand policies; they affect the level of demand in the economy. Supply policies are those policies that keep down the waste of resources, and increase the amount of goods and services to meet any level of demand that exists. Structural policies are those policies that shift resources to the right place at the right time to meet whatever demand exists at that place. Examples of those policies are manpower policies, competition policies and regional development policies. They are one of the keys, over the long run, that reduce the trade-off to the goals set by the Economic Council.

• (1440)

The third area in which we can deal with the trade-off is in that of controls and incomes policy. We do not find much fertile ground there. However, we had to look at it, because there is a body of opinion that states that the way to operate the economy is to put the demand levers in high gear—fiscal, monetary, and exchange rate policies—and get to full employment. They recognize that there will be a pressure, and a very grave pressure, for price increases, but they say the way to handle the economy then is to clamp on controls, and the result will be full potential growth and full employment, but zero inflation. The question is: Will it work?

We examined the members of the incomes policy and controls family one by one. We looked at general direct wage and price controls. I am talking now of the sort of controls that were exercised by the Wartime Prices and Trade Board in World War II. We found from the evidence that they were extremely difficult to operate in wartime. Many people who were involved, such as Douglas Gibson, are not convinced that they operated that well, and not one organization or private individual said that they would work in a peacetime economy. We therefore rejected the idea of general direct wage and price controls.

There is a school that says you do not need general controls; that you can have selective controls. These are wage and price controls of a direct and mandatory nature that are applied to the giant corporations and unions which have discretionary market power. The supporters of those sort of controls say that the controls will keep these people in line, and competition will look after the remainder of the business community. On examination we concluded that market power is not confined to the giants, that it can be found in the construction industry with a plethora of small units.

Some of the biggest price increases the economy has suffered over the last little while have been in the service industries, which in many cases are not composed of giant unions or giant corporations. When you put selective controls on the giant corporations and unions—because one part of your economy is controlled and another part is not controlled—you have distortion of investment and of the demand for labour. The result is that the controllers are then put in the position of having to make a wider and wider selection. The matter of public acceptability then comes in, and you are faced with the question, "If I am controlled, why isn't he?" So the controllers widen the circle again, and in the end you finish up with general controls, which we have already rejected. We agree with the Chairman of the Prices and Incomes Commission when he says that for an incomes policy to be effective it must be general. So we reject selective direct wage and price controls, and we reject a selective incomes policy.

The third member of the family of controls is called "freezes". Freezes are possible. There was one recently in the United States. They are calculated to hold wages and prices in abeyance for a short time while other more effective measures are taken. But they really do not affect the trade-off because they are extremely short-term; otherwise they become a form of general control. It must also be remembered that when you apply a freeze you take the risk that there will be a price and wage explosion when the freeze is lifted.

The fourth member of the family is an incomes policy based on guidelines. There are, I suppose, two forms of incomes policies; one is short-lived, and the other is long-lived. One assumes that if they are to be effective they will both probably have a mandatory tincture to them. One hears today about mandatory guidelines and an incomes policy based on mandatory guidelines. If it is long-lived, then what you are really talking about are wage and price controls of a direct nature. We can see an incomes policy based on guidelines working only if it is extremely short-term, and is used as an adjunct to the main demand levers of fiscal, monetary, and exchange rate policy after they have had their effect. They reduce the lags created by public expectations of continued inflation. Again, while they are usable in this one particular case, we do not really think they affect the question of the trade-off.

There is only one area in the scenario of controls that we think is useful in affecting the trade-off, and useful as a means of an on-going economic policy in Canada. We call it spot-lighting, and we endorse it. We believe the Prices and Incomes Commission should be a federal-provincial body; that it should focus the glare of publicity on price and wage increases that are out of line by any reasonable standard when viewed against our medium-term goal for inflation. We recommend this as a viable method of control, because it is the only incomes policy that could possibly have a long life, and it would act in concert with the supply and structural policies over the long run to reduce the trade-off to the goals that have been enunciated by the Economic Council of Canada.

• (1450)

Honourable senators, that is the centrepiece of our report. It states there is a trade-off in the medium term. We have to get the best we can out of the trade-off. We do that by the federal Government undertaking to reduce unemployment over a definite term, to 4½ per cent. For the long term we use supply and structural policies and the spotlighting role of the Prices and Incomes Commission to reduce the trade-off to the levels of full employment and price stability enunciated by the Economic Council of Canada.

We have several more recommendations, which I will deal with very briefly. We call for a new openness and evaluation for economic policy making in Canada. By "evaluation" we mean that the effect of policies on the economy should be estimated as carefully as possible before and after the event. By "openness" we mean that the research, the background research, and the decision-making process that was behind the policy should be made available to the public. We believe this because if we are going to ask the public to have patience while we achieve our medium- and long-term goals, we can only expect them to extend us that patience if they actually see what is going on and if they actually see the mistakes that are being made.

Therefore, we recommend the formation of a commission for economic analysis. It would be government financed, but independent. It would be composed of professional economists, not representative of any group.

It would involve itself in short-term forecasting and in the evaluation of government and Bank of Canada policies.

Secondly, we say that the reports of the Economic Council of Canada and of the Commission for Economic Analysis should be directed to the Privy Council for submission to a standing committee of Parliament, and that the appropriate ministers and their officials should be called upon to testify on the content of those reports. We believe this to be another way to bring the public into the decision-making process in Canada.

As to the Economic Council of Canada, we believe that its role is to help us determine the long-range achievement goals of our society. This is important when we are talking about stability, because if it is not done in relation to the resources that are available the danger is that we over-commit our resources and we very much interfere with our stability. The method of operation we suggest for the Economic Council is that they should determine from time to time the total pool of resources available to us in this country, that they should determine how much of those resources should be used for current consumption and how much should be used for investment in new resources, and they should determine the cost in resources of the various major goals that might be desired by the people of Canada.

For example, if we are considering the guaranteed annual income, it is important before we make a final decision to know precisely what the cost, and the cost effects, will be. This is a role we think should be played by the Economic Council, a role it can play extremely well because of its representative character and expertise.

We deal in the report with regional development policies, but we do not make an all-inclusive study of them. That would be a report in itself. However, we do come to some conclusions that spring from our study on the economy itself. As far as regionalizing monetary policy is concerned, we do not think there is much hope for it but we think that the Bank of Canada should take advantage of the fact that we have a centralized banking system. It does it now, and ought to do it more so in the future. That is, it should cause the banks to exercise their policy more in favour of the weaker regions than the stronger regions.

As far as fiscal policy is concerned, we find that there is a greater opportunity to regionalize fiscal policy. Fiscal policy does not suffer from the leakage that monetary policy does. And since provincial governments exercise a large percentage of fiscal policy, we suggest that there be much greater co-operation than there is today between the provincial governments and the federal Government in the exercise of fiscal policy.

We also recommend that, because of today's vastly improved network of communications systems, government decentralize its decision-making and encourage major business to do the same thing. We do not see any reason why all of government should be concentrated in Ottawa, or the bulk of it, or why the bulk of business should be concentrated in Toronto and Montreal. In today's communication, we believe a lot of that decision-making process could be decentralized to other areas of the country, with very good effects. We believe that service industries, which are high-employment industries, should be underscored more in regional development policies. We believe that the Government should give more concern to suppliers outside the central provinces, in its purchasing activity.

Honourable senators, I have given you a brief overview of the report. In closing, I would like to make two points.

This report was formed during the international upheaval of the last two or three months. We were aware of everything that was going on while we wrote the report—that is, everything that was public. There is no recommendation in this report that we find cause to change because of the international developments or the developments that we think may take place as a result.

For example, we recommend against direct wage and price controls. I do not believe the Americans will be able to make Phase 2 work for very long. I believe that if they do they will have to tighten it more and more until they have direct price controls. If they were willing and able to do it—and I find it hard to believe that they are—it is possible that we would have to institute our own controls at this time. But that does not change our recommendation that wage and price controls, either of a direct or of a selective nature, are bad business for Canada.

It may be possible that in the negotiations that take place on international currency arrangements, the end result may be the suggestion of some sort of fixed rate, or a fixed rate with a wider band than one per cent. That still does not change our recommendation that Canada and the negotiators who go to that international conference should do everything in their power to maintain a floating rate for Canada, especially in relation to the United States dollar.

• (1500)

My second point is that there is no easy way of running an economy. On the one hand you have the failure to recognize that there is a trade-off, so you bounce back and forth between 3 per cent and 8 per cent unemployment and up to 5 per cent inflation and you have a stop-go, overly-reactive economy. On the other hand, you run the economy at full employment and you try to put on controls that either will not work or will destroy economic freedom—and maybe some other freedoms besides. We do not think our way is easy, but, honourable senators, we think it is the only way that we can run this economy and achieve the goals and results that the public wants.

We think that, if we could cause the Government and the public to endorse the recommendations in this report, it would change the fabric of economic life in Canada.

Hon. Senators: Hear, hear.

Hon. Mr. Everett: Honourable senators, I move, seconded by honourable Senator Nichol, that the report of the Standing Senate Committee on National Finance on Growth, Employment and Price Stability be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

ADJOURNMENT

Hon. Donald Smith: Honourable senators, with leave of the Senate, and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned

until Wednesday, November 24, 1971, at 2 o'clock in the afternoon.

Honourable senators, I gave some intimation yesterday that I might move this motion today. As I indicated yesterday, the purpose of adjourning until Wednesday afternoon at 2 o'clock is to give adequate time and opportunity to the Standing Senate Committee on Banking, Trade and Commerce to consider its final report on its study in depth of the tax reform proposals. It is expected that that report will be tabled on Wednesday and that it will likely be accompanied by an explanatory statement by the chairman of the committee, the honourable Senator Hayden. The other items on the Order Paper will, of course, proceed as usual next Wednesday.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Donald Smith: Honourable senators, with respect to items 1, 2 and 3, I should mention that I moved their adjournment in the expectation that someone would be prepared today to speak on them. If no one is prepared to speak on those items now, I would ask that they stand.

With regard to item No. 4, I should point out that Senator Benidickson asked me to stand the item until December 2. I should also like to stand items 5 and 6 at this time.

The Hon. the Speaker: Is it agreed, honourable senators, that items 1 to 6, inclusive, stand?

Hon. Senators: Agreed.

The Senate adjourned until Wednesday, November 24, 1971, at 2 p.m.

23351—96

THE SENATE

Wednesday, November 24, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE SENATOR ARTHUR W. ROEBUCK

TRIBUTE

Hon. David A. Croll: I want to thank honourable senators for their consideration in permitting me to pay tribute to Senator Arthur Roebuck. Senator Martin has already explained to you why I was not able to be here on Thursday. I have read the tributes that were then paid to Senator Roebuck. They were worthy of him.

Prior to his illness I had hoped that the occasion would not arise when I must pay final tribute in this chamber to the memory of the late Senator Arthur Roebuck. I had the privilege of presiding at a function in Toronto honouring his 90th birthday, and many senators will recall that festive occasion. Ten years earlier I had presided at a similar function honouring him on his 80th birthday. It was my hope and expectation, if I should myself be spared so long, to preside once more on the occasion of his personal centennial.

He bore the burden of the years as though it were no burden at all. In February 1970 this hope and expectation seemed fully attainable. He was then presiding as the first chairman of the Standing Senate Committee on Legal and Constitutional Affairs. He was as active, as diligent, as faithful to his duties as a senator as he ever had been. In that month he was stricken down, at almost 92 years of age, at the height of his power and at the height of his fame as a great Canadian. So great was his reputation, and he was held in such high respect and affection, that it was accepted by most Canadians.

Honourable senators, it is not necessary for me to recite at length the various stages of his illustrious career of public service, nor to enumerate the many contributions he has made to the progress of this great country. He was at various times a member of the legislative assembly, a provincial cabinet minister, a member of the House of Commons, a senator of the Canadian Senate. The longer he lived the more significant his contribution became.

He was the prime mover in the enactment of the new Divorce Act, a tremendous boon to thousands of Canadian couples forced by archaic laws to live in a common law relationship. The time for such reform had come. Public opinion was ready for it and a man was available. That man was Arthur Roebuck, who, as he always did, rose magnificently to the occasion.

• (1410)

It is not equally well known that Senator Roebuck was a man of unusual versatility. He was, in the 20th century, a true Renaissance man. His range of knowledge was wide indeed: he was an artist, a writer, a photographer, and an expert mechanic. He was, until his last illness intervened, a dedicated golfer and was proud to claim and demonstrate that his golf scores did not at any time extend beyond the number of years that he had lived. He was also a devoted family man, although his wife, the former Inez Perry of Toronto, predeceased him in 1954.

Ninety-three years is a long time. For Arthur Roebuck it was a good long time. What did these years bring to Senator Roebuck? They brought him success and honour beyond his brightest young dreams. They brought him joy and sorrow, laughter and tears. Yet he clung to noble values, the mark of dignity and character. What did he give in return? Honesty, devotion to duty, and hard work with sympathy, understanding and respect for his fellow man—especially the underdog. He understood the problems of the unfortunate, the underpriviledged and the unhappy. His was indeed a full and generous life.

Why do we pay tribute to his memory now? Because those years have given us a shared experience we may well cherish as long as we live—the privilege of having walked a little of the way with Arthur Roebuck.

His greatness was coupled with humility. He was always courteous, even courtly, yes, to all, whether of high or low estate, who came in contact with him.

His countrymen will miss him; his fellow-parliamentarians will miss him; above all this Senate will miss his presence. Fortunately, he did not die in obscurity. He is on the Canadian record and his example will be there for the inspiration of us all for generations to come.

Honourable senators, I have no wish to parade my grief, but I walked with him for more than 50 years, and my sense of deep personal loss is profound and will be abiding. It could not be otherwise. I had so much in common with him.

Senator Roebuck's daughter, Glenna—Mrs. A. R. Patterson—and his two grandaughters, Wendy and Gay, and his sister, Edna, survive him. Theirs will be the greatest loss of all, and we send them our deepest sympathy.

I am happy to recall that on the occasion of the 90th anniversary of his birth, his fellow senators established in his name a scholarship fund at Osgoode Hall, of which he was a distinguished graduate and long-time bencher. Accordingly, the Arthur Wentworth Roebuck Award is awarded annually, in perpetuity, to a law student at Osgoode Hall who has done work of outstanding merit in the field of domestic law. A former colleague of ours, the Honourable W. Ross Macdonald, Lieutenant Governor of Ontario, himself a most distinguished Canadian statesman, presented to Senator Roebuck at the time an embossed certificate commemorating the event and the occasion.

It is sad indeed to say farewell to this great man, to this complete man, the Honourable Arthur Wentworth Roebuck, Senator, We shall not soon see his like again.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the name of Mr. Goode had been substituted for that of Mr. Smerchanski, that the names of Messrs. Osler and Marchand (Kamloops-Cariboo) had been substituted for those of Messrs. Goode and Laflamme and that the name of Mr. Laflamme had been substituted for that of Mr. Watson on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Department of Transport for the fiscal year ended March 31, 1971, pursuant to section 34 of the Department of Transport Act, chapter T-15, R.S.C., 1970.

Copies of a communiqué issued following the Federal-Provincial Conference held at Ottawa November 15-17, 1971.

Supplementary Estimates (A) for the fiscal year ending March 31, 1972.

Report of the Superintendent of Insurance for Canada on Co-operative Credit Societies for the year ended December 31, 1970, pursuant to section 57 of the Co-operative Credit Associations Act, chapter C-29, R.S.C., 1970.

Report, dated May 1971, entitled "An Evaluation of Snowmobile Safety", prepared for the Ministry of Transport as part of a programme implementing the Motor Vehicle Safety Act, chapter 26 (1st Supplement), R.S.C., 1970.

Copies of a contract between the Government of Canada and the municipality of Campbell River, British Columbia, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20 (3) of the Royal Canadian Mounted Police Act, chapter R-9, R.S.C., 1970. (English text).

• (1420)

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Leopold Langlois, with leave of the Senate and notwithstanding Rule 45(1)(e) moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1972.

Hon. Mr. Phillips: Honourable senators, we are being asked to give leave to dispense with this rule. Is it intended that this committee should meet tomorrow? I am particularly interested in this because if we meet tomorrow I do not feel we will have had adequate time to study the Supplementary Estimates (A). I would like to know when the committee intends to meet.

Hon. Mr. Langlois: The chairman of this committee is not present, but I do not believe that the committee will sit tomorrow. I presume it will sit next week.

Motion agreed to.

POVERTY

NEWSPAPER ARTICLES—PRIVILEGE

Hon. G. Percival Burchill: Honourable senators, before the Orders of the Day are called, I beg to rise on a question of privilege in connection with articles which appeared in the Toronto *Star* of November 11 entitled "Poverty Report had Little to Say about Wealth", and in *Time* magazine of November 22 in an article entitled "passionate wrongs".

Both of these articles, referring to criticism in the report of the Special Senate Committee on Poverty of pulp-cutting operations in New Brunswick, state that the camp is located on land leased by me.

The article in the Toronto *Star* describes the workers as "poor, trapped souls, engaged in cutting wood for a Canadian Senator"—referring to me—while the language of the article in *Time* magazine implies that the committee was seeking to protect me because it failed to mention that the land in question was leased by Liberal Senator G. P. Burchill.

I beg to state that I do not hold one foot of land under lease in New Brunswick and that I am not an officer, a director, or even a shareholder of Geo. Burchill & Sons (Plywood) Limited, on whose Crown land Mr. Allan Shaddick held a contract to cut eight-foot wood.

I visited Mr. Shaddick over the weekend and he gave me the following information: First, the crew of 1970 pulpcutters have been working for him for several years, and are still cutting wood for him in 1971. Second, as subcontractors they are paid $7 per cord for cutting, and $3 per cord for hauling the wood to a trucking road. This price is based on current rates paid by the pulp and paper industry to pulpcutters, as negotiated with their unions.

Hon. Mr. Choquette: Why do you not sue them? I would.

Hon. Mr. Burchill: One pulp and paper company informed me that the rate specified in their union contract was $6.85 to $7.55 for cutting, depending upon the chance the operator had, and $2.65 for hauling. That represented an average gross take-home pay of $20.87 per day, after allowing for power saw costs of $1 per cord. This is on the basis of cutting 3.43 cords per day. Depending upon the amount of wood a man cuts, which ranges from two to nine cords per day, the hourly earnings vary from a low of $2.12 to a high of $6. This, of course, depends upon the ability of the individual, and the nature of the stand.

According to their records, the cutter's daily average in 1971 was 3.43 cords. I might explain there are many men in the crew who do not cut two cords per day. They are there for the benefit of earning a dollar, and the small amount of cutting carried out by them appears in the average.

Obviously, a small contractor, in order to attract workers, must pay at least comparable rates. In Mr. Shaddick's case earnings of $21 per day, or $2.62 per hour, were recorded and verified by the contractor's bookkeeper, who came all the way from Tracadie yesterday, a distance of 60 miles, to interview me in my office and verify those figures.

I regret to add here that Mr. Shaddick's crew was conscripted this season by the Lands and Forests Branch of the Department of Natural Resources of the provincial government to help fight forest fires. They charged and were paid $27 per day, which was assumed to be comparable to their earnings on the operation.

Furthermore, honourable senators, a contract has been signed recently, I am informed, with another union on behalf of sawmill workers. This contract specifies an hourly basic rate of $1.90 per hour for casual workers. Skilled workers and those doing specific jobs, of course, are paid on a higher scale. So the wages paid woodworkers are not out of line with the standard of wages paid throughout the sawmill industry in the area.

The "huts" referred to are mobile units, constructed in such a manner that they can be conveyed over the roads from the site of one woods job to another. They are approved by the Department of Labour of the Province of New Brunswick, the representatives of which inspect these camps. They are built 10 feet wide in order to negotiate the roads, and are 18 feet long. They are constructed to house the men. As the contractor said to me yesterday, "Senator, when men come along looking for work, where are you going to put them?" The report complains that the huts are really trailers holding eight men.

• (1430)

While I stated that I am not a shareholder in Geo. Burchill & Sons (Plywood) Limited, I should add that I have a very deep interest in the company's success, because it is a pioneer venture started by my son, utilizing previously unused species of New Brunswick wood in the manufacture of softwood plywood. It is the first and only operation of its kind in the Atlantic Provinces, and I am very proud of it.

Faced with tough competition from other species, its establishment has been a difficult struggle, and in 1970, while still operating in the red, about 250 people earned their livelihood from this industry. That, to my mind, is one way of fighting poverty.

I apologize for seeking the indulgence of the Senate to make this statement, but as the articles referred to were given wide publicity I felt that I owed it to myself and the Senate to set the record straight.

Hon. Jacques Flynn: Honourable senators, I do not doubt for one moment that the question raised by Senator Burchill is an important one. It would clarify the record if we were to hear from the chairman of the committee as to whether any evidence was given which permitted anyone to draw conclusions or to write the stories referred to in the press reports mentioned by Senator Burchill.

Hon. Mr. Croll: It had nothing to do with the report. The suggestion was made—

[Hon. Mr. Burchill.]

Hon. Mr. Flynn: I am inquiring whether evidence was presented before the committee.

Hon. Mr. Croll: The suggestion was made that he was in some way connected, and that we had shielded him.

Hon. Mr. Flynn: I have read the story. I was wondering whether any witness said anything before the committee that justified anyone making that kind of accusation or comment.

Hon. Mr. Croll: At no time did I hear Senator Burchill's name mentioned. I was amazed when I read the article. It does not appear in the Senate Report on Poverty for the simple reason that Senator Burchill had nothing to do with the enterprise. I explained that to Senator Burchill, but he felt, quite properly, that he should make a statement in the Senate.

Hon. Mr. Flynn: I am in full agreement with that. As we have had some problems with other questions relating to the committee's report, it is about time that we looked into the matter of dealing with this kind of situation. This is another incident where I think the Senate should be able to take action.

Hon. Josie D. Quart: Honourable senators, Senator McGrand, Senator Fergusson and I visited that camp, accompanied by Mr. Joyce and Mr. Georgio Gaudet, a social worker with the Health and Welfare Department of the Province of New Brunswick.

I am quite pleased to hear, Senator Burchill, that you had nothing to do with it. I assure you that I did not contact the press one way or another.

I do not know the name of the man you mentioned, Senator Burchill, but I was absolutely shocked at the condition of that camp, as were those who accompanied me. I have visited other logging camps. We visited and reported upon the conditions at a camp in Saskatchewan, and it was a paradise compared to the logging camp we saw in New Brunswick. We stayed for what might be called a meal—pies and this type of food—which we shared with hundreds of flies. We also took a peek into the so-called trailers the loggers used.

Hon. Mr. Lamontagne: How many men were there?

Hon. Mrs. Quart: We did not go in when the men were there; in fact, one peek was quite enough, Senator Lamontagne. The general condition of the whole area was terrible. I think Senator McGrand will agree with me.

The loggers told us that because of what they had to pay for chain saws and other equipment and for their transportation back to Tracadie, they would not work in the camp next year. They said that those who remained in Tracadie lived better on welfare.

Over the Christmas period most of us on the committee received telephone calls inquiring whether we would make a statement to the press about the four renegades who resigned from the staff of the Poverty Committee.

Being loyal to the chairman, I said that any statement regarding the so-called renegades would have to come from him.

In any event, we were extremely shocked at the conditions in that logging camp. As far as I am concerned,

Senator Burchill, I would not want my dog to live in one of those trailers.

COMMONWEALTH AFFAIRS

NEGOTIATIONS BETWEEN UNITED KINGDOM AND RHODESIA—QUESTION AND ANSWER

Hon. M. Grattan O'Leary: Honourable senators, I would like to ask the Leader of the Government (Hon. Mr. Martin) whether the Government of Canada was consulted or is being consulted regarding negotiations which the Government of the United Kingdom, through its Foreign Secretary, has been carrying on with the Government of Rhodesia?

Hon. Mr. Martin: I would like to take that question as notice.

[*Later:*]

Leave having been given to revert to Question Period:

Hon. Paul Martin: Honourable senators, Senator O'Leary asked me whether or not the Government had been informed of the discussions that have taken place in Salisbury. In reply, the Canadian Government was informed of the departure for Salisbury of the British Foreign Secretary, Sir Alec Douglas-Home, on November 9. The Government has not been informed of the progress of the discussions, nor to date has it been informed of the outcome of those discussions.

Hon. Mr. O'Leary: Let alone consulted. My question was whether the Government of Canada had been consulted. You used the word "informed". They were not even informed, let alone consulted.

Hon. Mr. Martin: I said that we were informed of the departure for Salisbury of the British Foreign Secretary.

Hon. Mr. O'Leary: We were all informed of the departure.

Hon. Mr. Martin: I am sure that Senator O'Leary is awaiting with great interest, as am I, the official announcement tomorrow in the British House of Commons and in Salisbury.

NATIONAL FINANCE

CONSIDERATION OF COMMITTEE REPORT—DEBATE ADJOURNED

On the Order:

> Consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(Honourable Senator Everett).

Hon. Hartland de M. Molson: Honourable senators—

The Hon. the Speaker: Is it agreed that the honourable Senator Molson speak now?

Hon. Senators: Agreed.

• (1440)

Hon. Mr. Molson: Honourable senators, in tabling the report entitled "Growth, Employment and Price Stability" in the chamber on November 18, the chairman of the Standing Senate Committee on National Finance made an exceptionally fine speech, meeting a high standard that we are beginning to take for granted from him. He dealt with the report with such facility and clarity that he disguised much of its background. First of all, the idea of this report was his own. He felt that this foggy area of an economic stabilization policy necessary, perhaps I should say vital, to our future in Canada was a proper ground for our Finance Committee to examine in depth.

Secondly, assisted by the very able staff he recruited, to whom our debt is acknowledged in the final paragraph of the introduction to the report, he planned and organized the selection and attendance of the witnesses, and the schedules of the committee.

Thirdly, in his speech of last Thursday he made a complex and sometimes dull subject appear to be relatively simple and absorbing, and he did it concisely and quickly. May I say that it was a great pleasure for our fellow committee members to be privileged to work with Senator Everett in this task.

In speaking on the report, Senator Everett covered the essentials so well that there is no need for me to add much. If I may, I should like to emphasize the fact that we found that there is no easy or simple panacea for our economic problems. We really thought this to be the case, we all do, but the quality of the evidence before us laid to rest any doubt that we might have had about it. This knowledge is valuable in tending to eliminate wasteful, time-consuming criticism of public policy for the wrong reasons. It should help to create better public understanding of the nature and dimension of the difficulties which arise from time to time.

A second point that may be worth calling attention to is the width of spectrum covered by the experience and the knowledge of the witnesses who so willingly came before us. It would be quite wrong, I believe, to single out personalities, but the impact of a report such as this depends entirely on the weight of the evidence on which it is based. When you examine the list of witnesses in Appendix II you will observe that there is not only a wide cross-section of university representation from coast to coast in Canada, but there is a dean of British economists, two former chairmen of the United States President's Council of Economic Advisers, the president of the Japanese Economic Research Centre, bankers, American economists, representation from the unions, the former chairman of the West Germany Council of Experts on Economic Development, and others of wide reputation. Their interest and co-operation in the study of our problems demonstrated a wealth of good will which we must, most gratefully, acknowledge. The private submissions, which you will see in Appendix III in a long list there attached, were also very valuable and most helpful to the committee.

The third point I should like to make may perhaps be the most important. Senator Everett touched on it when he said, quite rightly, that while we were fully aware of the impact and the changed conditions brought about by President Nixon's moves in August, our report dealt with long-term principles and therefore remained unchanged by these immediate developments. I should like to emphasize that the Canadian economy as we know it is indeed

wide open. While responsive to some extent to our actions to influence its direction, if the weight of events or trends beyond our borders develops enough thrust, we are absolutely obliged to give ground or roll with the punches. We are not a rock on which we can stand watching, undisturbed, the impact of external economic storms.

In particular, the privilege of living peacefully in such close proximity—and in trade so intimately related—to our American cousins makes us specially sensitive to any major economic squalls in the United States. Nevertheless, economic policy in Canada must be taken in the long-term view and in consideration of the basic principles. That is why our chairman emphasized that in spite of these developments our report still stood.

The report has received considerable coverage in the press and on the air. Generally the articles have been very fair. There has been no suggestion that the Senate is suffering from the illusion that it has all the answers, and this is, I believe, in keeping with the report. We offer a number of suggestions, quite reasonable ones I believe, and not really too critical. They are all backed by solid evidence.

Personally, I have heard only two criticisms to date. One was from an economist who does not agree with our recommendation to maintain a floating exchange rate. I told him that our evidence was overwhelmingly in favour of a floating rate, and that I thought he was outweighed by his professional brethren about 24 to one.

The second criticism was from a well-respected journalist who said that he did not expect the Government to pay too much attention. I do not think we ever expected the Government to rush off and change to a policy as outlined by us. We do hope the Government will study our report carefully, and perhaps find some help from it in developing economic policy. I am sure we will be well satisfied with that.

Hon. Mr. Flynn: It merits very careful consideration.

Hon. Mr. Molson: Honourable senators, I do not have any more to say. As I said at the beginning of my remarks, our chairman covered the matter fully, and certainly better than I ever could do. I would like to conclude by congratulating Senator Everett on the quality of his report, and once again expressing our appreciation of the many months of effort he devoted to it.

On motion of Hon. Mr. Grosart, debate adjourned.

• (1450)

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November.—(Honourable Senator Smith).

Hon. F. Elsie Inman: Honourable senators—

The Hon. the Speaker: Is it agreed that the honourable Senator Inman speak now instead of honourable Senator Smith?

[Hon. Mr. Molson.]

Hon. Senators: Agreed.

Hon. Mrs. Inman: Honourable senators, I wish at this time to extend a warm and sincere welcome to those senators who have recently joined us in this chamber. I am especially pleased to welcome Senator Bonnell, who comes from Prince Edward Island. Senator Bonnell is a very successful doctor and politician, and was a member of the provincial cabinet. He is also an outstanding citizen of our province.

I hope our new senators will enjoy their tenure here. I know that they will contribute much to the deliberations of the Senate.

Honourable senators, in 1968 Canada rediscovered poverty. The poor, however, were always there. It could be argued that because of the sustained economic growth in Canada during the 1960s, poverty became a relatively minor problem. Canadians were busy managing a boom, and money was plentiful. Poverty was invisible, submerged in the sea of affluence. Poverty has always been invisible except at those times when there were practical reasons for its rediscovery. Each nation has unique physical, regional, and social factors which have raised the poverty question in a national debate in which solutions have been demanded.

The Economic Council of Canada, in its Fifth Annual Review, shook the complacency of the Canadian people by proving that not only did the problem of poverty exist, but it was far more serious and widespread than most thinking Canadians imagined. The Economic Council challenged the Senate of Canada to inquire into the problem of poverty in Canada. They suggested that such a committee could do much to define, and throw light on, the problem, and at the same time build public support for a more effective structure of remedial measures.

Consequently, a committee was set up under the very able chairmanship of Senator David Croll. Senator Croll all his life has been dedicated to the relief of the sufferings of the poor, and no better choice could have been made for chairman of a committee to study poverty in Canada. I have had the privilege to sit on several committees chaired by Senator Croll, dealing with social problems concerning Canadians in general, and I always found him most untiring and sincere in his efforts to improve the conditions under which the less privileged must live.

At the outset the committee was faced with major problems. From all the data and reports available for study it was difficult to decide just where our investigation should begin. There was, for instance, no generally accepted definition of poverty. Statistical data was sparse and outdated, so that even basic questions such as "Are there more poor today than last year?" could not be answered with any reasonable degree of certainty. In addition, the committee was confronted by a jungle of conflicting opinions and diverse, complex social economic arguments. On the one hand, the committee was told that the poor are lazy, shiftless and indifferent; social dropouts beyond help. On the other hand, the committee met with well-organized poor groups who told us that Canadian society imposed poverty upon them as a way of life. Once they were trapped in the poverty milieu, they claimed society made it exceedingly difficult for them to escape.

Faced with this immensely complex problem and no general consensus, it was a great temptation to seek a remedy. This course would have ended in frustration, for mankind has been fruitlessly searching, with various degrees of enthusiasm, for such a panacea since civilization began. The committee dismissed this course, for it realized that the social welfare system could not be patched over again; that new insights had to be gained, and revolutionary new remedies investigated.

The committee set itself two aims. The first, to seek the elimination of the obvious injustices immediately, and the second, to outline a plan for Canadian socio-economic development that if implemented would, it was hoped, eradicate poverty in less than a decade. To pick out the injustices which currently exist and recommend how these injustices could be removed is relatively simple. While these injustices persist and are tolerated, Canada is a lesser country than it could easily be.

To many people the world appears to be divided into the just and the unjust. The result is constant tension and conflict between individuals, nations, and races. Often the main motivation is self-justification and self-righteousness, although most people are unaware of this.

Prejudice is too often a negative prejudgment. We should learn to accept each other's values. We should put ourselves on equal footing in order to accept the values of others.

As the committee began studying the long-term aspects of the poverty program, it became aware that poverty is really a manifestation of fundamental flaws and inherent inconsistencies in our social and economic system. The Canadian way of life is significantly better than most, but is far from perfect. The committee found that in our professed humanity, Canadian society was inconsiderate by denying access to rising wealth to the weak, the handicapped, the old; that in our professed charity we are only one cut above throwing alms to a street beggar, because we destroy the dignity of those in the greatest need and who have little else; that our bureaucracies and administrations, although charged with helping those in need, have failed, in that the combined increased financial and human efforts at all levels of government and private agencies have not succeeded in alleviating, let alone eradicating poverty. There must be a better way.

The gap between rich and poor is growing wider every year as the population grows larger. There are the working poor. There are 30 million poor in the North American continent, and welfare costs have doubled in five years. Toronto is housing the poor in armouries. There are half a million rural poor in Canada. Many of our poor are too young, too old, or too disabled to work. Work has to be redesigned, and work has to be found for those able to work. We cannot rely on private industry any longer.

Faced with these truths, the committee became increasingly concerned with more general principles, in the hope of ascertaining where and why we have failed. Do we really wish that all our citizens should receive a portion of the rising standard of living, as we profess? The evidence indicates that we place this stated goal relatively low on our list of social priorities. As Winston Churchill warned, a society without a conscience and a soul is doomed.

The chairman of the Special Senate Committee on Poverty noted on April 22, 1969:

> It is much too late to tinker and patch up the present system, for I think it will come apart again; and above all, we cannot and must not do a papered-over job.

In accepting the challenge presented by the Economic Council, the Special Senate Committee on Poverty set out from the assumption that our social security system was beyond the state of worthwhile repair. New ideas and new programs had to be devised. When the committee was formed, and indeed throughout its life, it was dogged by the statement, "The poor will always be with us." In searching through the Holy Bible, it was found that that was taken out of context. Even though the poor have always been with us, there is no God-given prophecy that they should remain. In fact, there is reason to change this concept of the poor being always with us.

The problem of poverty in Canada had never been tackled as a total problem. An analysis of all its characteristics and causes had not been made. The committee realized that if a solution were to be found a systematic approach to the problem was necessary, or the committee would become bogged down, or be side-tracked along courses which might prove to be relatively unimportant.

• (1500)

Probably the most important revelation to the committee during the course of its investigation was the fact that Canada has the resources available today to eradicate economic poverty in Canada. In other words, Canada is in the position of being able to remove the economic aspect of the poverty problem. Once this fact is accepted, it must also be stated that an attack on only one component of the poverty "income" is doomed to failure. This is the course that has been followed in the past. The committee then is convinced that it is feasible, in the economic sense, to tackle poverty and eliminate it, if that is what Canadians wish to do.

Knowing there was a feasible economic solution, the committee wondered why the problem had not already been solved. The committee found that Canada is devoting approximately 10 per cent of the gross national product to maintaining the existing system; that the people in need are not receiving the financial aid and services they should; that they are not receiving the services most Canadians believe they are receiving, and which all Canadians are paying for.

The next main conclusion is that poverty, in a general sense, is a manifestation of the sum of the individual social attitudes that exist in our society. It is a perpetual, visual reminder of each individual's inhumanity to his fellow man. Poverty exists and persists because of federal, provincial, and municipal laws, and the interpretations placed upon them. Poverty exists because the judicial system is, in a very real sense, unjust. Poverty exists because the Christian church, which was founded upon hope, justice, peace and love, has failed to convince its adherents that this moral commitment is worthwhile or relevant. Canadians, therefore, should not be smug. We have not that much to be proud of; nor should we be naïve enough to attempt to preach to others the virtues of the good Canadian life, for as this report of the committee

shows, the good life is denied to many of our fellow Canadians.

Bearing in mind the economic resources available to Canada, the committee questions the goals of a society which accepts or even tolerates the fact that a significant minority of its population does not enjoy the standard of living of the majority. The existence of poverty in Canada indicates the indifference of the great majority of the people of Canada to their fellow citizens. This indifference is a major, recurring factor in the system of causes, and is one of the main reasons why poverty persists.

I believe that the working poor are by far the most unfortunate of the poor population—unfortunate in the sense that they cannot get ahead. The working poor are excluded from union membership. They work for provincial minimum wages, which are poverty wages. They live, out of necessity, in the breeding grounds of unrest. How can a father convince a son that the good life is achievable, if he himself does all he is capable of doing but is still denied?

Considering the poor as a whole, in the majority of cases the head of the family is a full-time member of the labour force, and the chances are that the main wage earner never succeeded in completing elementary school. In fact, there is a 70 per cent chance he did not. It is also a fact that the greatest majority of the poor live in the urban centres of the provinces of Ontario and Quebec. Thus, the chances of such a wage-earner getting a high-paying job are remote. Our technological advancement is guaranteeing an ever-increasing supply of what could be called technological dropouts. It is very difficult to take a man over 45 years of age and train him for an occupation when he lacks the basic education to learn, and, at that age, is reluctant to enter a new vocation or, indeed, leave the environment that he knows and understands.

The poor pay most for inflation—this is aptly demonstrated by those who are living on fixed incomes—but even for the poor man who is working full-time wages have gone up considerably less than the average, and significantly less than those of organized labour. The children are the ones who pay the highest price. They are surrounded by apathy and frustration because the head of the family is trying his hardest, but is still falling behind. We acknowledge the need for education, but we do not make the effort to spend the additional resources in those areas where they are needed most.

We must realize the need for education of those less fortunate than ourselves, not only in schools and colleges but in other fields, because a child's education begins at birth. We must see that each child has the opportunity to become educated, in order to grow into a productive and respected citizen of the community wherever he or she may live.

One of the saddest groups affected by poverty in this country is that of the elderly or aged: those away from relatives and close friends, living a hand-to-mouth existence, victims of rising food costs, with health problems, inadequate and uncomfortable housing, living in loneliness, despair and fear. To these people the golden years have become a nightmare. Much can and must be done to improve life for these people who in their productive years helped to build this country. Much must be done to take the burden from their sunset years.

The guaranteed annual income recommended in the report of the poverty committee would help greatly to make life more comfortable for those who have not the means to procure some of the comforts to which they are entitled. With it they could achieve a measure of the amenities of life enjoyed by those in more affluent circumstances. Our senior citizens should be kept well and happy so that the evening of life is not a burden.

I remember seeing a moving picture showing the plight of so many of our elderly citizens—those who live in poverty with no means of support, other than the old age pension. I shall never forget the look of loneliness, helplessness, and despair in their faces. From these groups of elderly people we heard too of the many hardships they endure in trying to look after themselves.

At this stage I should point out that at least the Province of Prince Edward Island does look after its aged very well. A large measure of the credit for this must go to one of our new senators, Senator Bonnell, who, when he was Minister of Health and Welfare for Prince Edward Island, saw to it that the aged were well cared for.

In conclusion, I feel that all people dependent upon public support should be provided with the basic resources needed to live a healthy, decent, and dignified life. A guaranteed annual income could be the answer. To achieve this goal it is necessary to have the faith and best efforts of all citizens. A country with our resources can afford to give generously to the welfare of the underprivileged.

One might say that the recommendations contained in this report are the distillation of the vast amount of evidence, both oral and written, presented to the poverty committee by the numerous people who appeared before it.

Hon. Herbert O. Sparrow: Honourable senators, in rising to speak on the subject of poverty, the first thing I should like to do is to congratulate Senator Croll for his excellent presentation of the report, and, although I was a member of the Special Senate Committee on Poverty, I should also like to extend my congratulations to the committee itself, not solely for undertaking such a difficult job but also for the method in which it undertook it and handled the study of poverty in Canada. I should also commend the Senate for causing this study to be made.

• (1510)

Previous speakers to this debate spoke of the contribution made by all members of the committee. I should like to take this opportunity of adding my congratulations and thanks to those members. Two of our lady senators today made reference to poverty, and I should like to point out that we were fortunate in having three very active concerned ladies on that committee. Their contribution to the work of the committee was outstanding. Travelling across Canada was both tiring and onerous, but this fact did not in any way lessen their efforts. They are to be commended for the work that they have done.

In commending the report to all honourable senators, may I also recommend that if you have not already read the report you should do so now. I also recommend to all

the people of Canada and particularly to those people who are directly involved with the poor people of Canada to read and study this report. In my view it is the most extensive, thorough and comprehensive study of poverty ever made in Canada or, indeed, anywhere in the world.

In its preparation all areas of Canada were covered and every aspect of poverty that was brought to the attention of the committee was thoroughly examined. Personal visits were made to farms, factories, woodcutting operations, to skid row, to the rundown hotels that provide accommodation for poor people, to unwed mothers and to single-parent families. Problems concerning housing, schooling, crime, jails—and here I could go on and on outlining and detailing the areas—were covered by the committee. In fact I think that all the committee members would agree with me in saying that no aspect of poverty that was brought to the attention of the committee was overlooked or bypassed. It is for that reason that I say it was the most extensive and thorough study ever made on poverty.

I think the greatest impression that was left on my mind from our hearings was that of the total frustration of the people who appeared before the committee and the poor people whom we visited. They seemed to lack all hope, hope for themselves, hope in society and hope for the future. In many instances they did not know where to turn or whom to turn to for assistance. On many occasions we were flooded with problems that were not matters of national concern but were, in fact, matters of provincial concern or municipal concern. But the people who were in need had no idea where they should go to seek a solution to these problems. In fact, it became rather frustrating for members of the committee to have to say, "Well, that is not our problem;"—although in many ways it was—"we are not the body to deal with this problem; it is a municipal problem or it is a provincial problem."

Another frustrating element was the fact that in many areas there were no services available for the poor while in others there was a duplication of services. There were many instances of people just not knowing really where services were available. Senator Carter mentioned in his speech that in the City of Winnipeg alone there were some 200 agencies assisting people in need. If there are that many in Winnipeg, then I have no doubt that every community of similar size or larger will have as many or more, and the report states that there must be some type of umbrella, some type of gathering point or some focal point where people who are in need can obtain the services they require.

The most outstanding recommendation in the report, of course, and the one that has received the greatest press coverage, is the guaranteed annual income concept—an income maintenance program. I commend this recommendation to the Senate as I commend it to the Government of Canada and to the citizens of Canada since it is the taxpaying citizen of Canada who must eventually foot the bill. But I would also point out that there is some danger in our looking at the report and thinking that that recommendation in itself will solve the problem of poverty. It will not. It is only one small step. It is probably the most important step in that it will give to those people the basic income to meet their immediate needs, but in no way does it take away the need for the many other social services required by many people in Canada. It is recommended in the report that the federal Government accept the financial responsibility for this income maintenance program and leave with the provinces the many other social services that are required, but with some provision made for federal financial assistance in this regard.

Honourable senators, you may ask, as many people may ask, what other services are required to assist people who are trying to break their way out of the poverty cycle. Let me point out that education, for example, plays a very important part in assisting people to rise above the poverty level. In addition, there are matters concerned with health, with housing and with manpower training. Then there are problems concerned with children, family planning, and rehabilitation assistance. Perhaps the most important part of the whole thing is explaining to people who are on this income level the opportunities available to them in our Canadian society. We claim there are opportunities for everyone in our society. However, from what this committee could determine, in many instances people are not aware of the opportunities that are available to them, or they are not aware of the opportunities which we think are available to them. There is nothing new in the area of guaranteed annual income. This is not a new concept. As you are all aware, it exists today in the area of old age pension supplements. The principle of guaranteed annual income is established by legislation. We are not breaking new ground. The new ground to be broken, if and when it is broken, is that all citizens in the country will be entitled to this basic allowance.

• (1520)

Although we have been reluctant to admit it, we do have, and we have had for a number of years, a guaranteed income in every province of this country. People who have no income have received financial assistance from their provincial government. If they have been receiving financial assistance, then there are only two areas involved in this report that need to be dealt with: the amount that these people receive, and the method in which they receive it. I am sure every member of the committee would agree that there are areas in Canada where the amount received is too little and that the method in which it is given is unsatisfactory. Surely if we accept the basis of the report, the amount to be given will be reasonable. The report does not indicate that the amount recommended at this time is sufficient, but it does say that at least it is a beginning, so that in the future the amount given to every Canadian in need will be sufficient to meet that need.

The method in which it is given becomes very important. We have seen and heard from welfare recipients and welfare workers of many inhumane and degrading instances in which people received their needed financial assistance. If a person in need is entitled to certain aid, surely it could be given to him in a more humane and less degrading way than it is now. Surely it is not enough to say that we do not have people starving in our streets. In our society it is no longer possible to compare our poor people with the poor people in less fortunate countries. You would be surprised at the number of times our committee heard this standard being raised by a number of

individual Canadians. We must realize that poverty is relative to the rest of society—from the poorest on the economic scale to those who are well off. Unless we realize this we will not have a true understanding of what poverty is, and we will be in no better position than some of the poorer countries or some of the countries dominated by communism or by dictatorship.

The attitude of many people who have looked at poverty only on the surface has been that people on welfare are lazy or no good. I do not want to deal with statistics today because I feel they were covered very well by previous speakers. If you accept the poverty level referred to, you know that 60 per cent in this group are working people. Three per cent was the highest estimate of people who were cheating the system, or who could have been working but were not. I am sure we have all been guilty of looking only at areas we can see at a glance, and not looking deeper. We see a person on welfare who is a drunk as well. This does not mean that all people on welfare are drunks. It reminds me of the story of a man who made a quick trip into Mexico. When he returned he thought he was an expert on Mexicans. He said that all Mexicans walk single file—at least the ones he saw did. It happens so often that we see a person on welfare who is a drunk and we tend to place all of them in the same category.

• (1530)

We hear complaints with regard to the mother on welfare, the single family parent, who played bingo and was criticized for spending public money on recreation. We heard of people who had their automobile driver's licence taken from them when they applied for welfare because they were out of work. That licence was necessary for them to travel in search of another job. There are many, many areas of injustice in our present system. It is easy for many of us to say we know what poverty is like because we were brought up in a shack where there was three inches of ice on the water in the morning. It is easy to say we fought, struggled and rose above it. There are a great many Canadians who can say that. If, in fact, it was that easily done, and it is as easy today as it was 20 or 30 years ago, perhaps there is some point in saying it. It cannot possibly be that easy when there are four to five million Canadians who have not been able to win that struggle. It is not enough to say, "We did it; so can you." It reminds me of the story of the child who said, "Mother, I do not want to go to London," and her mother replied "Shut up and keep swimming." That situation prevails in Canada. We have been telling these people to shut up and keep swimming, but we have, through our laws, kept them out of the main stream of affluence in this country. The attitudes of the Canadian people must change if the back of poverty is to be broken.

I mentioned that probably the most important part of the report relates to the concept of a guaranteed annual income. In order for that concept to work it must contain an incentive, which is provided by the report. However, the report agrees that it is not as great an incentive as, in fact, is necessary.

That could be remedied in time, when more funds are available, so that those who earn over the poverty level will not be taxed to the extent of 70 per cent of their income. I know that all honourable senators agree that a tax of 70 per cent of income is too high. We recommend in the report that a person who earns an amount additional to his supplement can keep 30 cents of each dollar earned. It can be said that that is not enough. However, it is a much greater incentive than Canadians in poverty have ever known before.

Since the committee began its hearings three years ago we have seen a number of good changes in social welfare legislation in many provinces. I believe that the Senate Poverty Committee, through the publicity it received and its meetings with provincial governments and municipal authorities, prompted many of those changes. I shall refer to some of them in my discussion of the lack of incentive. We saw areas of this country where a person on social welfare who attempted to better his position by planting a garden in his back yard had the value of the garden assessed, and that amount deducted from his welfare payment. Surely that is not much of an incentive for a person to better his position?

I mentioned earlier that drivers' licences had been taken away. This means that an unemployed worker looking for work is expected to walk five, six, or 10 miles to find employment.

Another great problem arises with those who are prepared to take any type of job in order to get off welfare. There were many such individuals, who found that when they started work their welfare was reduced 100 per cent, dollar for dollar. However, the great sin in the system is that when they lose that job for any reason there is a time lag before welfare payments are restored. This period varies from area to area and province to province, from 10 days to more than a month, because of the red tape involved in re-applying and being restored to the welfare roll. If a welfare recipient were ambitious enough to obtain employment he would find that upon termination of that employment he would lose income for the length of that time lag. What type of incentive is there for those on welfare to obtain employment when they know that their total loss would amount to perhaps one month's income? There are not many in Canadian society who can afford to lose a month's income, but these people are expected to do so.

• (1540)

The two areas that I mentioned earlier, of financial maintenance and social services, should be distinct areas of service available to Canadians.

We have often seen the frustration of not only the receivers of assistance but also the givers. The social worker who wishes to spend his or her time in effectively meeting the many social needs of people often finds, in fact, that his time is taken up with the management of money. Trained and conscientious social workers find that their work load is too great, and that their purpose is really to check up on people on welfare, to determine whether the money is being well spent, whether they are receiving more money than they should, whether they have a garden in their back yard, and whether there are men's shoes under a woman's bed. Such workers find themselves checking these matters, while ignoring the social needs.

We as Canadians console ourselves by supporting some of the 200 agencies that I referred to earlier. If we contribute $5 or $1 to our church, to the Red Shield campaign, or to the Empty Stocking Fund, we console ourselves by thinking that we have done our share. I am of the opinion that the Empty Stocking Fund at Christmas time and, in many instances, the Red Shield campaign are farces. In saying this, I do not mean to belittle either the campaigns or the campaigners, who do an excellent job. The farce to which I refer occurs when we as individual Canadians, having given to the funds, having given someone a package at Christmas, or a turkey to a family that has no stove to cook it on, say that we have done our share. We tend to leave it at that, and we do not feel that there is anything further to do.

If a family requires assistance at Christmas time from the Empty Stocking Fund, surely that family requires assistance on the other 364 days in the year. We are not justified in consoling ourselves by making their load a little lighter for one day only.

I do not wish to leave the impression that I am critical of the Red Shield campaign and its workers, of the Empty Stocking Fund, or of any of the other worthwhile charitable organizations. However, Canadians must realize that all this is not enough, that there are better and more efficient ways of looking after the needs of people while still retaining a place for those charitable organizations.

The report states that we are on the side of the less fortunate in our society, that we have compassion and understanding, and a desire to make Canada a better country in which to live, particularly for the less fortunate. If any action is to be taken, this message must be received sympathetically by all Canadians. Only in this way can the committee's recommendations be acted on by the Government.

I am not suggesting there will be action taken tomorrow. The report will be looked at, and studied very closely. If the Canadian people understand its contents, there will be such pressure on the Government that action will be taken shortly.

On motion of Hon. Mr. Cook, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 25, 1971

The Senate met at 2 p.m. the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Weatherhead, Smith (Saint-Jean) and Gendron have been substituted for those of Messrs. Lachance, Marchand (Kamloops-Cariboo) and De Bané on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

PAROLE SYSTEM

MOTION FOR ADOPTION OF FIRST REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—DEBATE POSTPONED

Hon. J. Harper Prowse, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the first report of the committee to examine and report upon all aspects of the parole system in Canada:

> Your committee recommends:
>
> That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination; and
>
> That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place inside or outside Canada for the purpose of carrying out the said examination.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Prowse: With leave of the Senate and notwithstanding Rule 45(1)(f), I move the adoption of the report now.

Hon. Mr. Beaubien: Honourable senators, before we adopt this motion I think we need some explanation of certain aspects of the report. For example, where are we going to sit outside the country and what is contemplated? I should like an explanation, if it is possible.

• (1410)

Hon. Mr. Prowse: That is fair enough, honourable senators. In using the phrase "inside or outside Canada" we are merely seeking a general authority. It is not proposed that this committee should at any time go on junkets, but it is felt that at some stage we may wish to receive evidence from people in penitentiaries in Canada and we may even wish to receive evidence from people who have experience with parole problems in, for example, the State of Wisconsin or even in California. What we have considered is not that the entire committee should go on a junket, but that one senator might go to places such as I have mentioned and act as a commission to receive evidence. In saying this, I am not implying that it will be necessary for us to go outside Canada. In fact, we may be able to achieve our purposes without even calling witnesses from outside Canada. As I have said, this is just a general authority so that we may proceed with the work in which we are particularly interested.

We will in fact need three technical people, the first being an executive director. In this connection our budget has been submitted to the administrative personnel of the Senate and will eventually go to the Standing Senate Committee on Internal Economy and Contingent Accounts for approval. I might add that we have in mind as executive director a person who is eminently qualified to serve in that capacity without prejudicing our position in relation to any other governmental institution which might itself be subject to investigation and report.

Secondly, we require a special adviser, and here we have particularly in mind a person who is now a parolee and whose name has been suggested to us by Senator Hastings. We feel that he could be of value to us while at the same time giving us credibility in the eyes of those who are most concerned, the prison inmates.

Thirdly, we require a press relations officer whose duty it will be to make sure that adequate service is provided the press.

We have arranged for the Solicitor General to start our hearings on December 15, and thereafter as long as the house is sitting the committee will work with various departmental people. Following that we will have reports to consider together with material that will be sent to committee members for their consideration over the holiday period. When we come back we will move into the public hearing aspect and will invite interested parties to submit recommendations and briefs.

Honourable senators, in my view this is the first of a number of reports, but we require this authority to set up what we consider to be the minimum staff necessary to do an acceptable job in this important area.

Hon. Earl A. Hastings: Honourable senators, I wish to make one brief observation with respect to the report submitted by Senator Prowse, and it has to do with the hiring of staff. It was my suggestion, and I am happy to say that the committee agreed, that in this important area of parole investigation there is one segment of society vitally interested, and that section is made up of present and former inmates of our penitentiaries as well as those who are on parole now. I wish to commend the committee for the step that they have taken, and I am pleased they have concurred in my suggestion that the special assistant to the committee shall indeed be a parolee, an inmate or a former inmate. I believe such an individual working for our committee will give us the needed credibility since there are a few who hold us in disrespect and who ask just how sincere we are about the job we are performing. The

individual who will hold this position will fill that gap and will also perform work which is needed for the committee and the present inmate population.

The press officer is another very important individual whom the committee will need. He could conceivably be a former inmate. One of the duties we need to perform is to educate the public as to the exact meaning and purpose of parole and how it operates in Canada. With this purpose in mind, that particular function would be performed for the committee by the press officer.

I wish to thank the committee for their consideration in hiring these individuals to perform this work for the committee.

Hon. Mr. Walker: My distinguished friend has used the word "credibility". Is he suggesting that we are bound to employ a parolee in order for us to have credibility? This is what he has said. He has suggested that we employ someone on parole. I cannot understand his reasoning.

Hon. Mr. Prowse: Honourable senators, if I may be permitted to speak on behalf of the committee, first of all, I am not obliged to apologize for the difficulty the honourable senator from Toronto has in understanding anything.

Hon. Mr. Walker: Would you please speak for yourself.

Hon. Mr. Prowse: I am speaking for myself.

Hon. Mr. Grosart: I rise on a point of order to call the attention of honourable senators to Rule 78(2).

Hon. Mr. Prowse: Would the honourable senator read the rule, please? I do not have my copy of the rules with me.

The Hon. the Speaker: Honourable senators, it will take me a few moments to deal with the point of order which has been raised. The report of the committee has been made, and we have a motion that the report be adopted now. I put the motion and I did not hear a dissenting voice. At this point we are debating a motion for adoption Looff this report. We are proceeding according to the rules.

• (1420)

Hon. Mr. Prowse: I am sorry if I misinterpreted the honourable Senator Walker's statement, he being up to his old trick of having a little fun. I was under the impression that it might be fair enough if we also had a little fun on our side. If I have done anything to hurt the sensitivities of anyone in the house or if my remark can possibly be construed as an insult to the honourable senator, I will withdraw it.

Now, the use of "credibility" here has nothing to do with our relationship with the public. We are dealing with a very sensitive group, and, without wishing to sound like a bleeding heart, I maintain that if we are to succeed in our endeavour it is important that we receive full co-operation from those most concerned, the inmates to whom parole is available. We must convince them that this will not be just another whitewash on behalf of the Establishment. The committee unanimously agreed with Senator Hastings that there are individuals with the necessary background who can gain for us credibility among prison inmates. Because of our very success in the world in which they do not ordinarily live, they find we lack credibility. It is as simple as that.

Hon. Mr. Molson: The purpose of Rule 78 is to provide honourable senators with an opportunity to think about any report containing serious elements or recommendations. For this reason, reports are ordinarily presented and then placed on the Orders of the Day for consideration at the next sitting. I am very interested in this report, but I must say I am completely taken by surprise and have no opinion on it this afternoon. I might be able to muster one by the next sitting.

I would say to the honourable senators who presented this report that if it does not involve a matter of timing or haste it would be beneficial to those of us who are not so well informed if consideration could stand to the next sitting of the Senate.

Hon. Mr. Prowse: Speaking for the committee, although we would like to have it dealt with promptly we are completely agreeable to having consideration of the report set over if there is any concern on the part of anyone.

The Hon. the Speaker: I understand that it is now moved by the honourable Senator Prowse, seconded by the honourable Senator Hastings, that this report be put on the Orders of the Day for consideration at the next sitting of the Senate.

Hon. Mr. Flynn: That is one way of putting it, or debate adjourned by Senator Molson.

The Hon. the Speaker: Do I understand that the debate is adjourned by the honourable Senator Molson?

Hon. Mr. Molson: No.

Hon. Mr. Flynn: The honourable Senator Prowse, with leave, moved the adoption of this report, and we have been debating that motion. I suggest that our course now should be to adjourn the debate. If Senator Molson does not wish to do so, I will move that the debate be adjourned, in the event others wish to speak. If I have nothing to say, I will say nothing.

Hon. Mr. Grosart: Perhaps I might say to honourable senators that if we wish to be strictly correct according to our rules, it might be worth calling to the attention of the Senate that we have no provision whatsoever in our rules for the adjournment of a debate. Our rules specifically prohibit the adjournment of the debate. Rule 36(1) states:

> When a question is under debate—

And I believe that is the situation, in view of the fact that a motion was made and put by Your Honour which makes it a question:

> —a motion shall not be received unless to amend it, to refer it to a committee, to postpone it to a certain day, for the previous question, or for the adjournment of the Senate.

Rule 46(c) states that no notice is required for the postponement of a debate on a question to a certain day. In order to bring ourselves into line with our rules, this might be the time to suggest that, instead of attempting to adjourn a debate, we postpone it to a certain day. This would, I submit, be in keeping with our rules, which I believe is the desire of this chamber.

Some honourable senators may have other views, but my suggestion would help overcome the problem which arises from time to time in this chamber, of whether a motion to adjourn a debate is debatable.

Our rules very wisely provide for a motion to postpone a debate to a certain day to enable us to overcome that problem. It is true that there is nothing in our rules that prohibits debate on a motion to adjourn. However, there is an understanding in connection with the generally agreed rules of procedure that a motion to adjourn is not normally debated. The reason our rules provide only for postponement of a debate on a question is to enable us to overcome that very problem. Your Honour may wish to take this into consideration in the future.

The Hon. the Speaker: But in the meantime I should like to find a way whereby we can extricate ourselves from the difficulty we are in. I believe it is the concensus of opinion in this chamber that the debate on the motion be postponed until the next sitting.

Hon. Senators: Agreed.

The Hon. the Speaker: I am wondering what steps we should take to reach this goal. Perhaps the honourable Senator Prowse would agree to drop his original motion, or perhaps we should consider the suggestion of the Leader of the Opposition to adjourn the debate.

Hon. Mr. Macdonald: I move that further discussion on this motion be postponed until the next sitting of the Senate.

Hon. Mr. Flynn: I withdraw my motion.

The Hon. the Speaker: Honourable senators, I will look into this matter. I will put the motion by the honourable Senator Macdonald, but it should not be considered as a precedent before I have had time to consider the matter. Would the honourable Senator Macdonald please repeat his motion.

Hon. Mr. Macdonald: Honourable senators, I move that further discussion—

Hon. Mr. Flynn: With leave.

Hon. Mr. Macdonald: I move that further discussion of this motion be postponed until the next sitting of the Senate.

On motion of Honourable Mr. Macdonald, debate postponed.

• (1430)

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate, and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, November 30, 1971, at 8 o'clock in the evening.

Motion agreed to.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. Leopold Langlois, with leave of the Senate and notwithstanding Rule 45(1)(h), moved:

[Hon. Mr. Grosart.]

That the name of the honourable Senator Fergusson be substituted for that of the honourable Senator Inman on the list of senators serving on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada, effective Monday, 29th of November, 1971; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

UNITED NATIONS

TWENTY-SIXTH SESSION OF THE GENERAL ASSEMBLY

Hon. Paul Desruisseaux rose pursuant to notice:

That he will call the attention of the Senate to the Twenty-sixth Meeting of the General Assembly of the United Nations (1971), and in particular to the discussions and proceedings of the Assembly and the participation therein of the observers from the Parliament of Canada.

He said: Honourable senators, this is a brief report; I hope it will be helpful.

It was my privilege to spend the second week of November with the Canadian Permanent Mission as an observer at the Twenty-sixth Meeting of the General Assembly of the United Nations. This proved to be a most interesting week since the representatives of the People's Republic of China were expected from day to day to make their entry into the General Assembly.

For an observer from Canada there is a profound interest in noting the Canadian operation at the United Nations. A modest but a most efficient delegation under the direction of the Permanent Representative of Canada, His Excellency, Mr. Yvon Beaulne, and his assistants, are doing an extremely good job for Canada.

Parliament is represented by two members of the House of Commons, Mr. Groos of Victoria, and Mr. R. Guay of Lévis. These two members of the House of Commons are attached there for the Twenty-sixth Session. It is my hope that a senator might also be attached to the General Assembly during future sessions. I believe it would serve an excellent purpose.

Also present during that same week were six other members of the House of Commons: Mr. K. R. Hymmen, Mr. V. Forget, Mr. M. Smerchanski, Mrs. G. MacInnis, Mr. W. Smith and Mr. A. Brewin.

Each morning we were briefed at the Canadian mission headquarters as to what was going on; what the Canadian position was; what the attitude to be expected from the other nations might be; and what might be the conclusions and the Canadian strategy. These meetings were sometimes presided over by His Excellency, Mr. Yvon Beaulne. You could feel the seriousness of the Canadian participation at the United Nations. While we were there the Canadian delegates and the Canadian observers were received by Mr. Beaulne and his charming wife at their residence at a delightful informal luncheon and a formal dinner.

During our stay at the United Nations the Canadian mission participated in the meetings of the General

Assembly, six of the permanent committees, and in the Special Political Committee. We saw an impressive performance. It was pleasant to note the constructiveness of the Canadian discussion and the respect it commanded. They were impressive performances that spoke well for the Canadian personnel.

At the Thursday briefing we were honoured by a visit of the Honourable Mitchell Sharp, who participated in the briefing and spoke on the work to be done at the United Nations, and the importance of being constructive and positive in the Canadian approach. We learned then of the summoning of one of the Permanent Mission delegates to the Senate.

I feel this is a good occasion for me to eulogize on our new senator, the Honourable Renaude Lapointe. To all who know her it was a pleasant surprise. Her intelligent and effective representations for the Canadian Permanent Mission to the United Nations were very noticeable indeed. We were pleased to see her hard at work at the United Nations. I have known Senator Lapointe as a journalist and key executive of *Le Soleil* in Quebec City, and I recall some of the very flattering remarks made about her efficient and constructive work on that important newspaper. Her extensive experience has been concentrated particularly on social welfare, education, and political reporting.

[*Translation*]

The writings of Senator Lapointe have always had a deep impact on her readers. Her articles and her views have been reported often in our Canadian press. As an editorialist of *La Presse*, Miss Lapointe was the first woman to hold such a post in the French-language press of our country.

Of course, her work has been widely recognized. We know that our new colleague has written many radio programs and scripts, particularly for the International Service of the Canadian Broadcasting Corporation.

Senator Lapointe served with the Department of Indian Affairs and Northern Development.

In 1970, Senator Lapointe became a member of the Canadian permanent delegation to the Twenty-fifth meeting of the General Assembly of the United Nations. When she was called to the Senate, she was a distinguished and very active member of the Canadian delegation to the Twenty-sixth meeting. It is on the occasion of that briefing that I had the honour to congratulate her in the name of the honourable senators of this house.

• (1440)

[*English*]

This is the 26th year of Canada's participation in the United Nations. The support of the United Nations has been and is an essential element of Canadian foreign policy. In its participation thus far Canada has contributed generously to United Nations efforts to keep the peace in the Middle East, Kashmir, the Congo, West Iran, and Cyprus.

During the crisis in 1956 Canada played a significant role in establishing the United Nations Emergency Force to keep peace in the Middle East. That force was only withdrawn in 1967.

As long ago as 1960, at the request of the United Nations, Canada supplied military and civilian specialists to the Congo, and also pledged political and financial support for the maintenance of peace. Also in 1960 Canada was asked to provide aircraft, pilots, and maintenance crews to assist the United Nations temporary executive authority in the exercise of its peace-keeping functions in West Iran. It was at the request of the United Nations again that Canada maintained a military contingent in Cyprus to help keep peace between the Greeks and Turks.

As can be seen, honourable senators, it is a matter of record that Canada has always firmly supported the peace-keeping operations of the United Nations throughout the world. At the present time, Canada's participation in the work of the United Nations is channelled through various U.N. bodies, including all of the 13 specialized agencies as well as the very important International Atomic Energy Agency.

After serving for some years on the Economic and Social Council, Canada now continues as a member of most of its important subsidiaries, including the Regional Economic Commission for Latin America, the Committee for Program Co-ordination, the Inter-governmental Committee of the World Food Program, the Commission of Social Development, the Statistical Commission, the Commission on Narcotic Drugs, and the Committee on Housing, Building and Planning. Canada also serves on the governing council of the United Nations Development Program and the Industrial Development Board of the United Nations, the industrial development organization.

Canada is on the executive committee of the Office of the United Nations Children's Fund, and is also a member of the Trade Development Board of the United Nations Conference on Trade and Development. This country is a member of the executive committee of the Office of the United Nations Commissioner for Refugees, and I might say that since the end of World War II we have, by means of that office, received and installed in Canada approximately 350,000 refugees from overseas.

Moreover, Canada is represented on 16 subsidiary bodies of the General Assembly, including the Committee on the Peaceful Uses of Outer Space, the Disarmament Commission, the Special Committee for Peace-Keeping Operations, and the United Nations Scientific Committee on the Effects of Atomic Radiation. It is a source of amazement that our representatives can handle so ably their duties on so many important agencies.

I am informed that Canada pays roughly 3 per cent of the regular budget of the United Nations, and that we are the eighth largest contributor. In 1968 the total expenses of the United Nations amounted to $152 million, of which Canada's share was approximately $3.8 million.

Apart from what I have mentioned so far, I should point out that Canada also makes generous voluntary contributions to special United Nations programs such as the United Nations Development Program, the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United Nations Relief and Works Agency in the Middle East, and the World Food Program. It is part of the duties of the Canadian mission to follow through on these contributions.

During the period from 1945 to 1968 Canada's contributions to the United Nations, including its specialized agencies and related bodies, amounted to approximately $378 million. Compared to that, in the year 1970 alone Canada's share was $40 million.

In 1967 Canada's quota for assessed share of capital in the International Monetary Fund was increased to about $45 million, and the Canadian subscription to the International Bank for Reconstruction and Development now totals some $860 million.

I shall not undertake to single out any of the numerous specialized agencies with which it is necessary for the Canadian permanent mission to deal. It is more than evident from even a surface study of the United Nations that Canada's participation has been constant and deeply active with respect to all of these agencies from their very inception.

The United Nations now comprises 131 member countries. There are only a few nations which have not yet become members, and they include East and West Germany, North and South Korea, North and South Vietnam and, because of internal political divisions, Taiwan, Switzerland, and Rhodesia. From the news we have heard recently it appears likely that Rhodesia will be joining the U.N. very soon. Thus, with the exception of the countries I have just mentioned, all of the world's nations are represented in the United Nations.

On terminating his term of office as Secretary General of the United Nations, U Thant presented his final annual report. In the speech he delivered at the opening of the 26th Session of the General Assembly, U Thant made this important remark:

> I have never been so convinced as now of the usefulness, the potential, and the absolute necessity of the United Nations. The Organization is evolving, as all vital institutions must evolve, through a process of trial and error, towards a goal and an ideal that all can accept. It is customary now for radicals to join with reactionaries in condemning the United Nations as an ineffective, outmoded and hypocritical instrument for peace and justice. What they would be able to put in its place is not clear. I, too, like most of the member governments, am critical of much that goes on in this house. But I am convinced that the institution itself is sound, and that it can, must, and will be made to work.

• (1450)

U Thant, on the same occasion, also said:

> I am convinced more than ever that it is a dangerous illusion to believe, in the present state of the world, that life can be safe without that concept and without a world organization that embodies it. Much of the usefulness of the United Nations is unknown and, indeed, intangible. But, however faulty, it represents an aspiration and a method of trying to realize a great ideal.

Canada's participation at the United Nations has the highest humanitarian objectives. We have a right to be proud of the Canadian participation, even though it is not in all cases possible to give justice the worldwide dimensions we believe it should have.

[Hon. Mr. Desruisseaux.]

What I have seen, as your observer at the United Nations, I have liked. The Canadian representatives on the Permanent Mission are to be commended for their intelligent work there. Their high calibre has proven their full worth.

The United Nations respects Canada and its representatives, for the goals of peace, good will, and brotherly help they have set for all to see and follow. It was with pride and satisfaction that I saw the Canadian Mission in action. Their highly productive work is building the best relationships with the nations of the earth.

The Hon. the Speaker: Honourable senators, this inquiry is now to be considered as having been debated.

PARLIAMENT HILL

SNOW REMOVAL FROM SIDEWALKS—QUESTION

Hon. Hartland de M. Molson: Honourable senators, I wish to put a question on housekeeping to the Leader of the Government. I call his attention to the fact that with the arrival of winter there are indications we are going to suffer the same inconvenience as we did last year in coming up the Hill. His colleague, the Minister of Public Works, or the Chairman of the National Capital Commission, did not find it necessary to plough the sidewalks on the Hill.

During last winter we had the difficulty, when arriving here on foot, of wading up to our knees in snow. Last year it was considered unnecessary to plough near the fence to keep clear the pathway made famous by Mackenzie King. When we are diverted to the roadway, we find that cars parked at the back of the East Block force us into the slush.

I ask the leader to take into consideration the plight of members of this house and the other house, and to see what can be done.

Hon. Mr. Martin: It would be impossible to resist any request by Senator Molson. I will look into the matter.

The Hon. the Speaker: Honourable senators, may I say I accompanied the honourable Senator Molson up the Hill today. Inquiries have already been made about the possibility of the sidewalks being cleaned throughout the winter. I can assure the honourable Senator Molson that the Leader of the Government can rely on my co-operation in order that this problem will be solved.

COMMONWEALTH AFFAIRS

NEGOTIATIONS BETWEEN UNITED KINGDOM AND RHODESIA—SANCTIONS AGAINST RHODESIA—QUESTIONS

Hon. M. Grattan O'Leary: Honourable senators, before the Orders of the Day are called, I should like to ask the Leader of the Government if the Government of Canada has yet received any word from Britain's Foreign Secretary on the results of the negotiations—about which we were not consulted or even informed—regarding which I understand a statement was to be made today in the British House of Commons.

Hon. Mr. Martin: Honourable senators, I anticipated this question. All I can say is that the Government has received, during the last hour or so, details of the proposed settlement between the British Government and Rhodesia. I have not had an opportunity to read the proposed settlement. Consequently, I am not in the position to comment on it. I have just been advised that the Secretary of State for External Affairs is now in the process of examining the terms of settlement.

Hon. Mr. O'Leary: Honourable senators, may I ask a supplementary question? We were told, because of the sanctions taken against Rhodesia, that that country would be brought to its knees within three weeks. This has not occurred. My question is: If Rhodesia has not acceded to the five principles laid down by Britain in the first place, and if only a compromise has been reached—which according to press reports has resulted in a complete victory for Rhodesia—will the Government of Canada continue the sanctions it has been carrying on against Rhodesia?

Hon. Mr. Martin: Honourable senators, until such time as we have seen the terms of the statement, it would be most imprudent to comment. As I am a very prudent man, I propose to wait until I know the terms of the statement.

Hon. Mr. O'Leary: Honourable senators, will the honourable gentleman be also prudent enough to read the statement made in the Rhodesian Parliament, or will he accept merely what Mr. Arnold Smith says has happened, or what Sir Alec Douglas-Home says has happened?

Hon. Mr. Martin: I do not know that Mr. Arnold Smith has anything to do with this matter. This matter involved an agreement between Her Majesty's Government in the United Kingdom and the Government of Rhodesia. I undertake to read the statement made by both Mr. Ian Smith and by the British Foreign Secretary. I am sure that will be done also by the Secretary of State for External Affairs. I believe Mr. Sharp will be seeing the Minister of State, Mr. Godber, who is coming to discuss this matter with him tomorrow or Saturday.

As soon as there has been an opportunity of reading the document, the Government certainly will come to its conclusions.

• (1500)

NATIONAL FINANCE

CONSIDERATION OF COMMITTEE REPORT—DEBATE POSTPONED

The Senate resumed from yesterday the adjourned debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability".

Hon. Allister Grosart: Honourable senators, while this debate stands adjourned in my name, might I suggest to honourable senators that it would be more appropriate if Senator Buckwold were to speak at this time as I understand he is prepared to contribute to the debate in my place.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Sidney L. Buckwold: Honourable senators, as I rise to address this house for the first time, I should like to take this opportunity of expressing my very sincere appreciation to all my honourable colleagues in the Senate for making me feel comfortable here so quickly, and for extending to me the warm hand of friendship as I entered this chamber. For this I shall be eternally grateful, and I hope that I shall be able to contribute to the work of this house. I should also like to thank my longtime friends who escorted me into the chamber, Senator Martin and Senator Croll, two distinguished gentlemen. It was a great privilege for me to have them introduce me to the house. They took me gently but firmly down the aisle and got me safely ensconced in this seat in this chamber.

Honourable senators, I should like to contribute to the discussion on the Report of the Standing Senate Committee on National Finance entitled "Growth, Employment and Price Stability". I think all of us and the Canadian public in general have received this report with enthusiasm, and regard it as being the result of a job well done. However, I should like to discuss from my own particular point of view that part of the report dealing with price and income stability, because I feel that conditions have somewhat changed in the last few days as a result of American actions. I must also say that I feel rather strongly that consideration should and must eventually be given to some form of price and income regulation in Canada.

Inflation is still a very serious problem in this country, and I agree that fiscal and taxation policies and exchange rate policies and the various recommendations of the committee will certainly be significantly impressive in meeting the long-term problems of inflation. On the other hand, I feel that the committee has perhaps passed over a little too lightly the contribution made by the Prices and Incomes Commission and the effect it has had on the future of that particular body. Of all the bodies in Canada this is the one that has had the least honour although it was worked very hard to bring about controls on a voluntary basis to combat the inflation, the price and wage spiral, facing Canada. As I say, it tried to bring it about on a voluntary basis, but I do not think that we could in any way say it has been successful in so far as its acceptance by the various bodies in Canada is concerned, and here I include labour, management and perhaps the general public.

It did have some success in bringing about—and here I admit it is certainly not all the result of their particular activities—a very low rate of price increase in 1970, about 1½ per cent. This is the result of many other extraneous situations and positions, but I would point out that this low rate in 1970 did not significantly hold back the request for wage increases in 1971. The average contract negotiated in Canada this year is just about the same as it was in 1970; we see approximately 8 per cent as the average increase to our labour friends. I am not in any way suggesting that it was not deserved, but I realize that the pressure for higher prices is continuing, and the temporary lapse that took place in 1970 has certainly exploded since then and we are back on the old merry-go-round of higher and higher prices.

It was my privilege to serve for some years as a member of the National Productivity Council, and honourable senators on the other side will understand that I was very proud to have been appointed by the then Prime Minister, the Right Honourable John Diefenbaker. This council was the forerunner of the present Economic Council of Canada. As a result of the discussions in that council concerning the competitive position of Canada's industries, and also as a result of my exposure to the experts and professionals who appeared before that council and the cross-Canada meetings it entailed, I came to realize that part of our problem was a lack of competitiveness, a lack of ability to compete on the part of Canadian industry.

In my view this situation has not been adequately dealt with in the report now before you, and yet I think that we see more and more clearly that one of the causes of unemployment is the fact that in foreign markets Canadian products have become less and less competitive as a result of the inflationary spiral here. It is not that our products are not up to the standard of those produced by other countries, but in many instances we cannot export because our prices have become higher than those for similar products exported by other countries. We have only to look at the Polymer Corporation to see what can happen when we price ourselves out of competition. In years gone by we were able to compete despite an inflationary spiral because we had technological superiority. But those days have long since gone. Our friends in other countries are now just as technically competent as we are, and in some cases even more so. We have settled down now to a completely different global trading pattern, and I suggest since trade is the key to employment, our competitive position plays a very important part.

Coming now to the report itself, honourable senators, I should like to draw to your attention the last sentence on page xiii:

> Controls are one of the least desirable of all economic price stabilization tools. If they are used at all in peacetime it should be on a short-term emergency basis.

Then at page xiv, paragraph 3 states:

> 3. We recommend that the Prices and Incomes Commission identify and focus the glare of public attention on situations where price or wage increases occur that are out of line by any reasonable standards. When the structural flaws or other special circumstances have been uncovered that permitted groups to hurdle the barriers of normal market restraint there should be action to keep increases within more acceptable boundaries.

But in my view it really is not sufficient to say to the Prices and Incomes Commission, "You are the watchdog of what goes on in management, industry and labour, and you growl when something doesn't please the Canadian public."

• (1510)

I feel the commission has a more important role to play. We are witnessing the actions of the Americans in moving into phase two of their price income control. When you read the evidence that Dr. John H. Young, Chairman of the Prices and Incomes Commission, presented to the committee, along with the commission's submission, it is obvious that very intelligent questions were asked by members of the committee. It was apparent they were reluctant to move into what seemed to be the bureaucracy of the Wartime Prices and Trade Board. I do not blame them, and I am sure the Canadian public would not want to see this kind of government action taken to control prices and income. Time and time again the experts indicated this would not work. Dr. Gillies, the Committee's Study Director, brought this out in the following question he put to Dr. Young:

> Many of the witnesses have said flatly that price and wage controls will not work. John Crispo said that there was no way the labour force would accept this, even if the leaders did agree. What do you feel about these observations?

Dr. Young replied as follows:

> First, I feel that if they were true, it would be very unpleasant. Look where it would leave us. We would have no solution. But we are not prepared to accept that this is a no-solution situation. The public of this country are going to have to understand how narrow the choices are and how difficult the problem is. Then you are going to have to ask the question whether, if the public can understand that, they are going to take the view that it is impossible to deal with the problem in this way. If we get that degree of public support, then we can do it.

The final paragraph of the commission's statement to the National Finance Committee reads:

> Given the intractability of the high employment-price stability dilemma and the limited scope for resolving it quickly or easily by other means, the Commission is of the view that an effective and acceptable form of prices and incomes policy in Canada, though by no means costless in economic terms, could serve as a useful supplement to other policies, that it should not be impossible to devise such a policy, and that further effort and innovation in this direction would be justified.

Dr. Young probably pinpointed the problem when he said it will not work until the Canadian public is prepared to accept it. Honourable senators, I would like to suggest that the Canadian public is coming round to this point of view, even as the American public has had to.

In an article in the *Christian Science Monitor,* a non-political source, one columnist writes:

> The wage-price freeze got a tremendously positive reception by the public.

He is referring to the American public.

> We were all tired of inflation, tired of the seemingly slow progress being made to bring the inflation rate down, and welcomed bold and drastic action.

I feel the Canadian public is reaching this stage, and I believe it is our responsibility to inform the Canadian public about the importance of this action.

Phase two is in effect in the United States, and we see the bold and imaginative program which has been brought about. Many people say it will not work. These

are the same people who said phase one would not work. The United States has a program, but I am not suggesting that Canada should follow that program in detail. The United States program allows for prices to rise only to the extent that they reflect actual increases in costs, minus any rise in worker productivity, and even then only if the price increases do not contribute to higher profit margins.

An editorial in the New York *Times* of November 14, under the heading "Start of Phase Two", reads:

> The fight against inflation turns a crucial corner today, with the economy coming out of the ice box into the even more agonizing challenge of comprehensive federal regulation of wages, prices, profit margins, corporate dividends and rents.
>
> No businessman, no landlord and no worker relishes the prospect of living under controls, but in a real sense there can be neither general prosperity nor security for American living standards unless brakes are put on the runaway wage-price spiral . . . .
>
> The two boards created to establish basic guideposts for controlling wages and prices have addressed themselves responsibly to the necessity for coupling fairness with firmness in the new standards. The Price Commission's goal is to hold the economy-wide increase in prices to 2.5 per cent a year. The companion standard for the Pay Board is a ceiling of 5.5 per cent on new increases in wages and fringe benefits—a figure tailored to fit inside the guidepost for higher prices through allowance for the normal long-term expansion of 3 per cent a year in industrial productivity.

Honourable senators, I suggest we watch this American experience very closely. I also suggest that we cannot follow the guidelines established in the report of our committee by putting out of our minds the importance of price income control through some form of government action. I feel that our role is to inform the Canadian public of the importance of this action. Although we have the problem of organized labour, I believe it can be done.

I would like to quote from a speech Senator Lawson made in this house on November 17. He said:

> Honourable senators, it came as a complete surprise to me that the unanimous decision of the delegates there assembled,—

He was referring to the labour conference which he attended in the United States.

> —representing 600,000 American workers, decided to work with the Nixon administration on phase two of the wage and price controls. Whether this attitude will continue is still to be determined because it involves many questions, including the sanctity of contracts. However, as I say, the conference decided to go along with this.

Already there are problems with Mr. Meany and the President. But I feel the American people will respond to this challenge just as I feel the Canadian people will respond. I feel we should watch the American program, and quite possibly we should attempt to duplicate it in some form to achieve price and income security which will bring our economy back into balance and minimize the nightmare of high inflation which could seriously affect the Canadian way of life.

Hon. Mr. Grosart: Honourable senators, I move that the debate be postponed until the next sitting of the Senate.

The Hon. the Speaker: Until I come to a ruling on a point raised by honourable Senator Grosart at the commencement of the sitting, I feel I should put this motion as we have done so in the past. It is moved by the honourable Senator Grosart, seconded by the honourable Senator O'Leary, that this debate be adjourned until the next sitting of the Senate. Is it your pleasure to adopt the motion?

• (1520)

Hon. Mr. Grosart: With respect, Your Honour, that was not my motion. I suggest regardless of any ruling Your Honour may wish to make on consideration, that the motion I have put is proper and can be considered by the Senate.

Hon. Mr. Smith: Let us take a vote on that now.

The Hon. the Speaker: May I ask the honourable Senator Grosart if he is moving that this debate be postponed? That is the exact word he used.

Hon. Mr. Grosart: Your Honour, that was my motion: "Postponed until the next sitting of the Senate."

The Hon. the Speaker: Again I will put this motion, reserving, of course, the ruling which I may come to after examining the points that have been raised.

Hon. Mr. Martin: Before you put the motion, Your Honour, Senator Cook reminds me that we should give consideration to the clear directions contained in Rule 46. I am surprised that Senator Grosart, who generally does not overlook these points, did not have the quick perception to notice the implication of Rule 46, as did Senator Cook. In this regard I am in the same position as Senator Grosart.

Hon. Mr. Grosart: Perhaps the Leader of the Government also made the error of not listening to what I said. In my earlier remarks I referred specifically to Rule 46(c) as one of the authorities for the position I took. Rule 46(c) provides:

> No notice is required of the following motions: (c) for its postponement to a certain day;

Hon. Mr. Martin: I have given Senator Grosart an opportunity to repeat what he said.

Hon. Mr. Forsey: I did not quite catch what the Leader of the Government said, but I presume he may have referred to Rule 46(h) which provides that no notice is required "for the adjournment of the debate;".

Hon. Mr. Martin: That is right; that is the point.

Hon. Mr. Smith: That is the motion which has always been made.

The Hon. the Speaker: Honourable senators, with the reservations I have already indicated, I will put the motion as it was phrased by Senator Grosart. Next week, of course, this matter will be cleared up.

It is moved by the honourable Senator Grosart, seconded by the honourable Senator O'Leary, that this debate be

postponed until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE POSTPONED

The Senate resumed from Wednesday, November 17, consideration of the report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, November 10, 1971.

Hon. Eric Cook: Honourable senators, I would like to take this opportunity to say a word of welcome to our new colleagues. I have known Senator Goldenberg for some 20 years and am sure he will make a very worthwhile contribution to the Senate. His wide knowledge of the Constitution, labour laws and economics, together with his great experience, will make his voice one of authority in our deliberations.

I have known Senator Buckwold also, but only for a very short period. Having had a little experience myself in municipal government, in a junior capacity, I am aware of how valuable his knowledge in this field will be to his fellow senators. Indeed, we have this afternoon already heard a most interesting and informative speech by Senator Buckwold.

I have not had the advantage of knowing the other distinguished newcomers to our chamber. I feel sure that they will be a great asset to the Senate, and we all look forward to their taking part in the work of this house.

Honourable senators, I hesitated before deciding to take part in this debate. Considering the five million words of evidence, the report itself, the comments of the media and the speeches of honourable senators who have spoken before me, surely nothing has been left unsaid or unwritten. However, I am a member of the committee and as I agree in general with the contents of the report, at least I should say so.

I am very glad to be a member of the committee and I am happy now to pay tribute to Senator Croll in particular for the tremendous amount of dedicated work he did and the outstanding leadership he gave. Other members also worked hard and long, particularly Senator Carter, to whom we also owe a debt of gratitude. This is all the more so because towards the end he acted as deputy chairman due to the very regrettable illness of our good colleague, Senator Edgar Fournier. While he was with us, Senator Fournier made a very worthwhile contribution. He displayed his usual good sense and wide knowledge, not only of his own province, but of the whole Atlantic region.

Mention must be made of the three lady senators, particularly Senator Fergusson, who has special knowledge because of her career in public service before she was called to the Senate. I am sure it was not always easy for the lady senators to be such faithful attendants at our sessions, not only in Ottawa but throughout the country, but I can assure the Senate that the report is a better one because of their membership on the committee. In any case, our meetings were made more pleasant because of their presence.

[The Hon. the Speaker.]

I do not intend to spend any time on what may be referred to as the emotional or sentimental aspect of poverty. There has been more than enough said already regarding appeals to our sympathy, our hearts and our conscience. Words will help little in mitigating the evils endured by the poor. Really, there should be no need to debate further the evils and existence of poverty. Nor is there any great advantage in debating the evils of urban as contrasted to rural poverty. Either type is more or less hell on earth. I would stress that it is particularly hell for the young and the old and the sick who are helpless. It is not so bad for the able-bodied, particularly the irresponsible able-bodied, but it is always the helpless who suffer the most.

It is no doubt true that we will always have poverty with us but, like everything else, there are degrees of need. There is no absolute permanent solution, but we have no alternative except to continue the battle so that as far as possible it becomes less and less detestable. Even if we could give every man, woman or child twice the amount proposed by the report, there still would be poverty. For instance, many people have no ability whatsoever to handle money. Money will go twice, three and four times as far with some people as it will with others. So money alone will not make everyone equal.

As the report makes clear, it will always be necessary to provide services for those who so badly require them. The evidence given to the committee by men and women of good will, and by voluntary groups, illustrates not only the good they do but the very real need for their services. There will always be a demand for the helping hand to guide and to counsel, and above all to listen—as, indeed, your committee listened to all who did us the courtesy of attending before us and submitting their views.

The fact that there is no absolute solution to poverty now or in the future does not excuse us from doing whatever can be done to lessen its effects. It is no answer to say that the poor will be with us always, or to say that people in Asia, Africa and South America are worse off, or to throw up our hands and say that the problem cannot be solved. If it cannot be completely solved, it can at least be improved upon. Indeed, all one need do is compare the social system today with that of the 1870s to see that it has been improved since then. But surely we have not reached the ultimate. It is therefore our duty to consider what steps should be taken so that the advances already made may be continued, and 2071 may be as far ahead of 1971 as 1971 is ahead of 1871. The real question, therefore, is not can the problem be solved but are we now doing all we can to solve it as far as it can be solved?

• (1530)

I have to say that I do not go all the way with the report's reference to the present system. I say this, although I read every word of the references while the report was being written, and did not object. I agreed with the comments simply because they were, of course, the words of an advocate pleading a cause. Any advocate worth his salt has to use colourful language and sometimes overstate his position, otherwise he might not get the point across.

The present system is not all that bad. One only has to think of what it would be like for some four million Canadians if old age pensions, family allowances and the like were suddenly stopped. Let us think what would happen to farms, factories, shops, and employment generally, if the transfer payments were to cease. I will have more to say about this point later.

Many of the comments contained in the report are, of course, absolutely correct, but it is only fair to say that everything can be improved. No system is completely fair. Parliament is now spending a great deal of time revising the income tax system. There is nothing more sure than the fact that the revised income tax law will contain inequalities. Equally, there is nothing more sure than the fact that there will be taxpayers who will cheat the revenue department, as there will be welfare persons who will cheat the welfare system. The only difference is that the revenue department suffers more when a taxpayer cheats than the welfare system suffers when a welfare applicant cheats.

The biggest single fault with the present system is that it stifles any possible incentive. A short time ago the Prime Minister was reported in the press as insisting that:

> All Canadians unemployed could find themselves short-term jobs if they were willing to do work which did not answer precisely to their hopes.

It may well be true that there are many short-term jobs available. If so, the real reason people do not accept them is twofold. The first is that under the present system they and their families may be as well off in the long run on welfare. The second reason, and perhaps more important one, is that if they go off welfare to take a short-term job, they fear that before too long they will again have to go on welfare, having first to re-apply for their benefits, and so on. They have to suffer the delays and frustrations to which Senator Sparrow referred in his remarks yesterday.

The report makes many worthwhile recommendations, the most important being a guaranteed annual income. I suggest that in many cases the only thing new is the use of the word «guaranteed». Canada already provides an annual income for many citizens, including the aged, handicapped, and the young. Indeed, the system goes further and aids many who are not deserving of aid.

It should be stressed that most, if not all, of those who are able to work but will not work are now receiving an annual income. To those concerned citizens who fear that people will refuse to work if they receive a guaranteed annual income, I would point out that today no one is allowed to starve. The result is that the chronically lazy person who is able to work but does not do so is at this very moment receiving through his welfare payments a guaranteed annual income. His position will not change, and there is nothing we can do with these irresponsible, selfish men and women except to let them starve. However, it is not they who would starve, but rather their dependents.

Fortunately, such people are few in number, just as tax evaders are few in number. Therefore, let us forget about them, as they serve only to confuse our thinking and colour our views. Comparatively few persons are successful in exploiting the rest of the nation, so this should not prevent us from doing what should be done for those who deserve well by us. What cannot be cured must be endured. It is clear, therefore, that in many instances we have already established a guaranteed annual income in principle. We have it in the case of old age pensions and family allowances, even where there is no need for them.

It has become obvious that we cannot afford welfare payments unless real need exists, and therefore family allowances and old age payments must cease wherever those receiving the payments have no absolute need for them.

As we have already accepted the principle of annual income payments, the only question remaining is whether we can extend the system into one of a guaranteed annual income along the lines recommended in the report. I suggest that where there is a will there is a way.

Canada has no problem with production. She can produce more from her farms and factories than we are presently consuming. But to some degree we still have the problem of underconsumption. If a way could be found to boost consumption it would help us sell what we now produce.

I can remember when family allowance payments were being considered. At that time Newfoundland was not part of Canada. I recall a very important and knowledgeable Canadian businessman speaking to the Newfoundland Board of Trade, telling us what an outrage the proposed family allowances would be. He indicated that Canada would be in danger of national bankruptcy. As I have already said, I wonder what the effect on farms, factories, shops, and employment generally would be if the family allowance and other transfer payments were stopped.

I suggest that the effect of stopping the present payments would be a national economic disaster. I wonder what would be the effect of increasing them. Might it not be beneficial to the economy as well as to those receiving them?

What would be the real cost of adopting the main recommendation in the report? Let us examine the situation from a hard-headed business or economic point of view. In doing so, let us think back to the time when many sensible people thought Henry Ford was insane and laughed at him when he paid his workmen $5 a day. However, Henry Ford had the last laugh when he visited his bank and looked at his savings.

The cost of approximately $1 billion to have a guaranteed annual income system is, of course, the gross dollar cost. But let us look at the other side of the coin to see if there is any recovery or savings in estimating the real net cost to the country. First and foremost, about 30 per cent of this amount would be recovered in taxes. It is true that the federal Government would not receive all the amount paid in taxes, but that is an item that might be adjusted and allowed for between the several levels of government.

Also to be considered would be the additional employment created by putting $1 billion in extra purchasing power in the hands of the consuming public. The sale of goods and services totalling $1 billion would surely have a very beneficial effect on production and employment and, in turn, generate a very large tax revenue. There would also be a marked saving in the annual cost of sickness.

A few brief highlights from the history of the fight against tuberculosis in Newfoundland will indicate how great can be the cost of sickness. I am confining myself to Newfoundland because the facts applicable to that province are better known to me. I am told that other provinces have had more or less the same experience, but to a lesser degree. In 1907 the death rate in Newfoundland and Labrador resulting from tuberculosis was 801, or 343 per 100,000 of population. There were no hospital beds for the treatment of this disease, the first unit being established in 1910, with six beds for consumptive women.

Nearly 40 years later, in 1945, the death rate had fallen to 500 per annum, or about 140 per 100,000, although there was one large sanatorium of some 500 beds. In that year a team of tuberculosis experts from England made an independent investigation of the problem in Newfoundland.

• (1540)

Their report was published in May 1946, and they made the following observations with respect to the standard of living:

> Generally speaking, the great majority of the Islanders prior to the war were subject to marked poverty. One-third of the population at one period (1933-1937) were on public relief. While the war is said to have brought "prosperity", we regard this phenomenon in so far as it has affected the mass of the inhabitants as little more than a reduction of the poverty to a more tolerable level, with the elimination of the able-bodied relief roll. Nevertheless, this improvement has coincided with a downward turn of the tuberculosis mortality curve, as measured from year to year. Should a post-war economic recession occur, there is reason to fear a reversal of this favourable trend and that the tuberculosis death rate may rise.

The English doctors went on to say:

> The food allowance that a tuberculosis patient usually received in St. John's was found to consist of one pint of milk daily and a dozen eggs weekly, that is to say, to the value of about $8.00 a month. Outside St. John's, up to $7.50 worth of food was allowed.

This independent investigation took place in 1944, five years before Newfoundland became part of Canada. In that year the tuberculosis death rate was 500 or some 140 per 100,000 of population.

I quote now from the report of Dr. N. H. Wass of Corner Brook, dated March, 1971.

> In 1951, a modern fully-equipped sanatorium of 270 beds was opened in Corner Brook.

This was two years after union with Canada, and gave Newfoundland some 700 beds for the treatment of tuberculosis. I quote again from what Dr. Wass said in his report:

> For the first four or five years of its existence the sanatorium was full, indeed it was impossible to find beds for the very old and for children. After this, as everyone knows, came the almost precipitous decline in the number of cases diagnosed. Firstly, it became possible to admit elderly cases, secondly, we were able to open a floor for the treatment of childhood tuberculosis. The decline went on until we were able to hand over one hundred beds to be used as general medical beds and finally in November 1964 it was decided to phase out the sanatorium altogether.

Note the dates. In 1951, two years after union with Canada, there was a new 270 bed sanatorium. Four or five years later, in 1955 or 1956, there was an almost precipitous decline in the number of cases. In 1964, 15 years after union with Canada, the sanatorium was closed altogether. The number of deaths from tuberculosis in 1944 was 500, or about 140 per 100,000; in 1971 it was 10, or two per 100,000.

If the incidence of tuberculosis had remained what it was in 1944, the cost today of maintaining hospital buildings, supplies, and staff, and of supporting the patients and their families would be a staggering sum. The successful battle against tuberculosis has resulted in the saving of many millions of dollars each year. The same is true of all Canada, although perhaps not in the same proportion as in Newfoundland.

This same financial benefit will also be reflected in some degree in the case of all types of sickness which will be avoided or be of shorter duration as the general standard of living of the nation as a whole is improved. You cannot tell me that poverty does not exact a terrible penalty in increased and costly sickness.

Increased crime also stems from poverty. I am sure that substantial sums would be saved in connection with all aspects of crime prevention and the detention of wrongdoers if the burden of poverty could be lessened.

Honourable senators, the budget of the Department of Regional Economic Expansion runs to over $300 million per year. The department seeks to do all that it is possible to do to create new jobs in special areas of Canada. To do this it offers generous grants to projects which create jobs. To my way of thinking there should be no need to provide these grants. If a proposed project in a special area can be viable only because of the incentive grant the project receives, then more than likely it is not in fact viable at all. Indeed, instead of giving permanent employment it could prove to be a serious liability after it does get started. On the other hand, I am well aware of the difficulty of obtaining long-term loan capital at reasonable rates of interest for small- and medium-sized businesses located in special areas. Therefore, if the federal Government, instead of giving these generous grants, provided guarantees to the financial institutions which would make available long-term loans at a reasonable rate of interest, this should be sufficient to allow any reasonable viable project to start up or an existing one to expand. A greater proportion of the department's annual budget would then be available for other purposes. The long-range purpose of the incentive grant is to assist projects which create jobs for people residing in the special area.

I believe this indirect way of helping people is not as effective as giving people the money directly. They would spend it, thus creating more jobs in the area with all the benefits flowing therefrom. At the same time, in cases where projects cannot start or be expanded because of non-availability of capital, the department can help by guaranteeing loan capital instead of giving grants.

To sum up, therefore, the real cost to the country of funding annual amounts of $1 billion to finance a guaranteed annual income will not be too great if we credit to the cost of the plan the following:

1. The increase of taxes arising directly from spending this amount;

2. The benefits of the increased employment created by spending this amount—benefits with the consequent increased tax revenue flowing from the increased employed;

3. The savings in the cost of sickness;

4. The savings in the cost of crime;

5. The savings that can be made in the budget of the Department of Regional Economic Expansion, by amending the thrust of the department's aid to special areas.

Honourable senators, at the outset of the committee hearings I was definitely opposed to the idea of a guaranteed annual income. However, as the work of the committee proceeded I became a convert to the proposal. Now I feel it might be good business to adopt the guaranteed annual income scheme, and, as I said before, where there is a will there is a way.

I urge the Government to listen to the voice of the poor. They make up the largest single group in Canada, there are over four million of them and they have the greatest need. The principle of the state providing for all an annual income should be accepted now and should be given top priority. Canada already provides for many of her citizens, those who are unable to earn a living because of age or because they are handicapped. Indeed, Canada now does much but it can still do more.

I do not suggest that the report of the Special Senate Committee on Poverty is the last ultimate unalterable word on what is the poverty line, how much the annual income should be, how much it is going to cost, or when and how it should be introduced. These are all questions which may or may not require further study. I do urge, however, that the Government should accept the recommendations in principle, and, if these questions do require further study, I urge the Government to undertake these studies now so that the policy of providing an annual income to all citizens of Canada may become a reality before too long.

Hon. Mr. Macdonald: Honourable senators, on behalf of Hon. Mrs. Quart, I move that further discussion on this motion be postponed until the next sitting of the Senate.

The Hon. the Speaker: I must remind honourable senators that my ruling on this question might be given some time next week.

On motion of Hon. Mr. Macdonald, for Hon. Mrs. Quart, debate postponed.

The Senate adjourned until Tuesday, November 30, 1971, at 8 p.m.

THE SENATE

Tuesday, November 30, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Noël has been substituted for that of Mr. Gendron, that the name of Mr. Lachance has been substituted for that of Mr. Weatherhead, that the name of Mr. Legault has been substituted for that of Mr. Smith (Saint-Jean) and that the names of Messrs. Dupras, Smith (Northumberland-Miramichi) and Stewart (Cochrane) have been substituted for those of Messrs. Legault, Noël and Gibson on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Reports of the Department of Veterans Affairs and of the Canadian Pension Commission for the fiscal year ended March 31, 1971, pursuant to section 8 of the Department of Veterans Affairs Act, chapter V-1, and section 4(2) of the Pension Act, chapter P-7, R.S.C., 1970, including the Report of the War Veterans Allowance Board for the same period.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, November 24, 1971, pursuant to section 7 of the Regulations Act, chapter R-5, R.S.C., 1970.

Report of the Board of Grain Commissioners for Canada for the year ended December 31, 1970, pursuant to section 23 of the Canada Grain Act, chapter G-16, R.S.C., 1970.

Copies of a communiqué, dated November 23, 1971, respecting an agreement between the Federal and Provincial Ministers of Agriculture on the principles necessary to establish policies and programs aimed at assisting Canada's rural areas and to provide improved opportunities for low income farm people.

TAX REFORM

PRELIMINARY REPORT NO. 2 OF BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM LEGISLATION TABLED AND PRINTED AS AN APPENDIX

Hon. John J. Connolly: Honourable senators, on behalf of honourable Senator Salter A. Hayden, may I table Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the summary of the 1971 tax reform legislation, in English and in French.

I would also ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*For text of report see Appendix to today's Hansard.*]

Hon. Mr. Connolly moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

STANDING SENATE COMMITTEES

ADDITION TO MEMBERSHIP

Hon. Leopold Langlois, with leave of the Senate, and notwithstanding Rule 45(1)(h), moved:

That the name of the honourable Senator Lapointe be added to the list of senators serving on the Standing Senate Committee on Foreign Affairs;

That the name of the honourable Senator Bonnell be added to the list of senators serving on the Standing Senate Committee on Health, Welfare and Science;

That the name of the honourable Senator Goldenberg be added to the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs;

That the name of the honourable Senator Buckwold be added to the list of senators serving on the Standing Senate Committee on National Finance; and

That the names of the honourable Senators Lawson and van Roggen be added to the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

GREY CUP

NATIONAL FOOTBALL FINAL IN VANCOUVER

Hon. Harry Hays: Honourable senators, I would like to draw to the attention of this house that on Sunday last there was a football game played in Vancouver. I should like to acquaint the members from a village between Hamilton and Thunder Bay that on page 16 of one of their daily newspapers they will find the results. We wish them good heart in the future.

The Hon. the Speaker: May I draw to the attention of honourable senators who might be fans of the Toronto Argonauts that they have a right to speak on this question of privilege.

Hon. Mr. Flynn: But I would not suggest that the fans of the Montreal Alouettes do.

COMMONWEALTH AFFAIRS

PROPOSALS FOR AGREEMENT BETWEEN UNITED KINGDOM AND RHODESIA—QUESTION

Hon. M. Grattan O'Leary: Honourable senators, before the Orders of the Day are called I would like to ask the Leader of the Government if it would be possible to make the text of the agreement entered into between the United Kingdom and Rhodesia available to members of this house.

Hon. Paul Martin: Honourable senators, Senator O'Leary was kind enough to speak to me earlier regarding this matter. There is, of course, no agreement. The document in question is referred to as Proposals for Agreement. I will take steps to see that it is made available in due course.

Hon. Mr. O'Leary: Thank you.

NATIONAL FINANCE

CONSIDERATION OF COMMITTEE REPORT—DEBATE CONTINUED

The Senate resumed from Thursday, November 25, consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability".

Hon. Allister Grosart: Honourable senators, I take this opportunity to participate in the debate on the motion for consideration of the report of the Standing Senate Committee on National Finance, the steering committee of which I have the privilege to be a member. I do so, first of all, to join in the tributes that have been paid to the chairman of the committee, Senator Everett, both here and in the national press.

Senator Everett not only conceived and initiated this important project dealing with the dilemma which concerns our and other governments in relation to the high rate of unemployment and stability of prices, but he carried it through with a degree of efficiency and, if I may say, of expedition which in some aspects is unprecedented in the history of our committees. The first hearings of the committee were held in May and the report is now before the Senate, in November.

It has been my experience in Senate committees that one of the keys to the success of a committee is the respect in which the chairman and his staff are held by eminent witnesses. We had them in profusion before this committee.

Senator Everett has already paid special tribute to Professor James Gillies and his associates on the staff. On this occasion I add my tribute, because I was familiar with the long hours they put in and the expertise they brought to the planning of the hearings and the preparation of the report. I wish to point out that the respect of eminent witnesses was a prevailing condition throughout our hearings.

Senator Everett in his statement when tabling the report gave us an excellent summary of it. In his opening words—and in my view this is the pith of the whole report—he said:

• (2010)

> The report is about economic stabilization, which is a branch of government policy which attempts to hold the economy close to its potential growth path while keeping down unemployment and inflation. The main theme of the report is that in a growing economy the war against inflation and unemployment is a long one, which will be fought successfully if people realize this fact.
>
> The main weapons in this war are the demand levers of monetary, fiscal and exchange rate policy. The problem is that these levers suffer from what economists call lags,

One of the main distinctions of the report is that it makes clear policy recommendations for dealing with this problem. It rejects the concept of fine tuning; that is, of quick ad hoc responses to changes in the economy. It rejects the concept of stop-go economic planning on behalf of the Government.

The report deals with the very special problem, which all honourable senators are aware of from their own experience, of extreme pressure on any government to make immediate responses of some kind to satisfy public opinion, of internal and external pressures on the Government.

The report suggests throughout that one of the answers to the problem is that governments today must have the intestinal fortitude to resist those pressures and must plan on a long-term basis. On page 31 of the report it says:

> It may be observed that while parliamentary oppositions do indeed tend to look into the economic future and see dark things, they generally find themselves on better fighting ground when they can talk about how inflation or unemployment or both are demonstrably hurting Canadians now. This, especially when it is reinforced by objective evidence, and by friendly warnings from caucuses, constituency groups and individual members of the government party, is a kind of criticism that governments understandably feel keenly, and are strongly tempted to respond to by producing packages of measures that can be alleged to offer fast, fast relief to the economy. But the truth may be that rather little fast relief is actually available. Worse still, the relief nevertheless proffered may have adverse effects later on, when the economic situation has changed. Even knowing this, however, governments may be under too much political pressure not to make decisive-looking policy moves of some sort.
>
> There is here then a serious, compound problem. In part, it is a problem of economic analysis and a challenge to economic research. In part, it is a problem of the institutional structure of government decision-making. But in large part also, it is a political and public information problem, and much of its ultimate solution will have to take place on that front.

The report stresses throughout the consistent use of certain demand levers that are available to the Government. It synthesizes them by referring to them as monetary, fiscal and exchange rate policies. The report stresses, as the quotation which I have just read indicates,

the essentiality today of openness in government policy decision-making.

Over and over again throughout the report—I will touch on this later when I refer to some of the press comments—there is emphasis on the fact that one of the real problems which have confronted economic policy decision-making on the part of the Government has been the tendency to do it in secret. Some of the recent indications of the dangers of that are the so-called leakages. It seems that within the hierarchy of the Public Service, and perhaps at higher levels, there is a reaction to this type of secrecy and a tendency to say "the public is entitled to know". Surely that must be the attitude of those who are leaking these confidential documents to the press. I can only speculate as to their reasons. I merely say that our report calls attention to the danger of too great an attempt to maintain secrecy in the policy decision-making of the Government.

The report is in favour of the floating exchange rate. It points out that this is perhaps necessary insulation against the carryover of conditions of inflation in the United States. The report comes down rather heavily in favour of monetary policy, endorsing the views by and large of those economists who are called "monetarists", although it does qualify to some extent the rather extreme views of the leaders of that school of economic thought.

As honourable senators are well aware, the report takes a rather dim view of controls—guidelines, wages and price controls, and income policies. Senator Buckwold, in his maiden speech, referred at some length to this aspect of the report. I say to Senator Buckwold that some of us who listened to him were delighted to hear him speak as he did. He obviously spoke from a background of rich experience, and his speech gave promise of a great contribution from that corner of the chamber in the future.

Hon. Senators: Hear, hear.

Hon. Mr. Grosart: However, I wonder if Senator Buckwold, in his plea for consideration of controls at the right time and place, might not have, to some extent at least, misunderstood some of the qualifications that the committee placed on its recommendations with respect to this important subject. The committee made it quite clear that it had examined not only the superficial popular aspects of wage and price controls, but the whole "family", to use Senator Everett's word, of suggested controls, namely, general controls, selective controls, the guidelines theory, economic policy, supply policy, structure policy, competition policy, and manpower policy. What the committee said was that income policies, hard general price control policies, are the least desirable of the alternatives before the Government. The committee did not say—and it had the American experience in mind at the time of the writing of the report—that it was against the introduction in Canada of those types of controls at any time. In fact, the committee recognized that if Phase 2 of the Nixon economic policy proves to be successful and fairly permanent, it might put Canada in a position of having to use some type of controls.

• (2020)

The committee made a clear distinction, which I think is an important distinction that should be made in any consideration of this subject, between what are generally thought of as income policy controls and wage and price "freezes." They pointed out that there could be a place for a sudden general freeze, such as has been invoked by President Nixon in the United States. In that case it was a 90-day freeze. We all know it had many objectives, and was supported by a large number of other measures. I think nobody would have the slightest doubt that it would be a complete failure without the support of those other measures, many of which are not available to us in Canada because of obvious differences in the two economies.

Senator Buckwold made an excellent point in drawing attention to the importance of export markets in any consideration of the future economic growth in Canada. However, he said that in his view this situation has not been adequately dealt with in the committee's report. I agree with him on that, but I point out that it was the committee's view that it was quite unnecessary to deal with it, because if there is any aspect of our economy that has not in any way contributed to this dilemma of high unemployment and price stability, it is our performance in the export markets.

The United States, for example, takes about 75 per cent of our exports at the present time. From 1965 to 1971 we have had this kind of performance. In 1965 we had a trade deficit with the United States of about $1 billion. By 1971 this had become a surplus of $1.15 billion, so it can scarcely be said that the export trade situation, taking the United States as a prime example, was a consideration with which the committee should have concerned itself very much. I say the United States is a prime example because if we look at our trade picture we see the closest to that 75 per cent, which may be a little high, is the 9 per cent of our total merchandise trade that goes to Britain, and the next closest is the something less than 5 per cent that goes to Japan.

In the services sector of the market, which is somewhat different from the trade sector, the same general pattern appears. In 1966, for example, we had a deficit in the services sector of $2 billion. By this year that has become a deficit of a mere $200 million, and perhaps by the end of the year there will be no deficit at all. There has been a switch of $2 billion in the services sector in four years, which is one of the reasons why our American friends found it necessary to take some action to protect their own interests in that respect. The services sector, of course, embraces such things as travel account, dividends, interest, freight and shipping charges, and other items that come under the general heading of services.

I followed the press comments on the committee report rather closely, and one particular recommendation that has scarcely been commented upon at all appeared to me to be one of the most important.

The committee considered the problem of the control of the economy between the private and the public sector. As honourable senators are well aware, at the present time the tax take of all levels of government in Canada is certainly 37 per cent, and probably a little more. This means that 37 per cent of the total gross national product is siphoned off by all governments for their own purposes, which are usually good purposes. If we add to that the additional product of GNP in dollar terms that comes under Government control—through loans, investments,

advances, Crown corporations, and so on—it is entirely possible that something like 50 per cent of the entire product of the economy today is under government control, direct or indirect.

I remember asking Mr. Benson, when he was before the committee, whether the Government had made any studies of the significance of these figures. He said it had not. I suggested that this may be something which should be part of Government policy; that the Government should say there must be a danger line. After all this is the private sector, which is the goose that lays the golden eggs. How far can it be plucked? It still seems to me that that is the kind of thing the Government should be referring to its economists for some kind of guidance and direction.

The committee made some strong recommendations. I read from page 3 of the report:

> There must be constant vigilance to ensure that government concentrates its available administrative talent and other resources on those things which government really must do, and that the public sector of the economy is not further distended to cover things which could better be done by private enterprise.
>
> However, we think it wise to do as Dr. Beryl Sprinkel did in his testimony before us, and to treat the size of the government sector of the economy as a distinct and important issue in its own right, deserving of continuing attention regardless of whether or not inflation also happens to be a major problem at the time. Those who, in their concern to restrict excessive growth of the public sector, seize on the desirability of controlling inflation as the best available stick with which to beat the expansion of government spending, are apt to find their arguments considerably weakened at times when the total economy is obviously slack and requires stimulating. There is no need for them to suffer this embarrassment, or to be tempted into making more of the threat of future inflation than the evidence really warrants. Proper control of the size of the government sector is a valid, respectable concern and a subject for public debate at all times.

And later on the report suggests:

> —there should be a constant search for governmental activities ripe to be handed over to the private sector—

That seems to me to be almost a revolutionary recommendation. I have seen no evidence anywhere in Government today that there is this kind of inquiry, or any person, committee, or group charged with the task of overseeing the takeovers from the private sector to the public sector, and asking whether they are necessary; whether they make sense.

The committee recommends that we take a very hard look at this phenomenon of our times and find those areas—and there must be some—that could be turned back to the private sector. The private sector perhaps could handle them more efficiently than is normal in the handling of such affairs by the public sector.

• (2030)

It is an interesting fact that the report of the committee did not initially attain any sensational headlines, but as time has gone on it has been the subject of thoughtful comment and very serious consideration at many levels of financial thinking in Canada. I should at this time like to read to the chamber a few of the comments which have been made here and there and which honourable senators will find interesting. The *Globe and Mail* on November 25 said:

> The report was notable for its strong sense of realism, a long memory of past experience and, perhaps, a greater degree of conservatism than is appropriate in the present circumstances.

I am sure Senator Everett will be surprised to find that emphasis on the degree of conservatism in the report, but I hope honourable senators will excuse me if I state that I considered that as one of its best qualities.

Hon. Mr. Martin: Spelled with a small "c"?

Hon. Mr. Grosart: In this report it is a small "c"—probably a typographical error.

Hon. Mr. Flynn: Today a small "c" means a big "C". You have gone so far away from the small "c" it is not recognizable.

Hon. Mr. Grosart: I will not at the moment get into this rather interesting argument as to the relationship between the big "C" and small "c" and the big "L" and the small "l", because I do not want to confuse the party lines, now so finely drawn here, any more than is necessary.

The Toronto *Star* of November 18 drew attention rather interestingly to the fact that the Bank of Canada made an almost instant response to one of the recommendations of the committee. It pointed out that the committee had said:

> —that no one in Canada had yet attempted to publish a quarterly economic review of "the quality and usefulness of those turned out by the U.S. federal reserve system and the Bank of England.

Honourable senators, I have received permission to read a paragraph from a letter received by the chairman of the committee from the Governor of the Bank of Canada, Mr. Rasminsky, where in the final paragraph he says:

> By a curious coincidence, we have today put out a public statement (copy of which I enclose) which is in some sense directly responsive to one of your recommendations regarding the Bank.

So Senator Everett has the satisfaction of knowing that there has been what I might term an instant response to his report.

The Toronto *Star* of November 19, while it approved of the recommendation of the committee about a continued floating of the Canadian dollar, said:

> —but it doesn't explain how expansion laudably aimed at creating jobs is to be prevented from causing prices to rise by more than the 2 or 3 per cent a year that the report is prepared to live with.

This is reference to the fact that the committee had suggested that a reasonable target for bringing the present situation into some kind of line was 2 to 3 per cent inflation with 4½ per cent unemployment rate. The *Star* editorial went on to say:

> The committee does have ideas on how to fight inflation, but they seem more like a strategy for the long run in which we are all dead than measures that would be immediately and practically applicable to rising costs and prices.

I suppose the obvious comment is that the *Star*'s enthusiasm for quick fast and immediate relief measures—quick doses of aspirin or bufferin—is undertandable, but the whole theme is that this is a chimera in that we are going to have to look to long-term, cautious consistent planning if we are to have the kind of uninterrupted growth of the economy that seems so necessary at the present time.

Quoting from the *Star* again, it refers to the committee's assertion:

> The Canadian economy can achieve its full potential growth and the goals of our society without recurrent bouts of unacceptable unemployment or inflation.

It appears to be contradicting the position it has taken elsewhere.

The Toronto *Globe and Mail* of November 19 had this to say:

> Maintaining a healthy economy is not a task that can be accomplished in academic ivory towers or the secret conclaves of cabinet and the Bank of Canada. These worthies have to take the rest of us into their confidence if they expect to get good results.
>
> If the Standing Senate Committee on National Finance can get this message through to our economic overlords, as the result of its report on Growth, Employment and Price Stability, it will have accomplished a good deal. It is a subject which the committee dwells upon.

The *Globe and Mail* also agrees with us when it says:

> The Government's three most powerful instruments for managing the economy—monetary, fiscal and exchange rate policies—"are subject to long time lags and therefore should not be used to produce instant solutions to instant problems. No effort should be spared to convey this truth to the public."

The Ottawa *Citizen* quotes a very significant passage from the report on the question of openness, which I have stressed as one of the important aspects of the recommendations. That passage reads:

> We believe that a new openness should be brought to the process of economic policy-making in Canada. This means that the direction of important government policies and the impact they have on the Canadian economy should be systematically estimated before and after the event. This means that Parliament and the public should be told more about these policy evaluations, and about the processes of economic decision-making.

After quoting this passage from the report, The *Citizen* goes on to comment:

> So runs the final recommendation of the Senate Finance Committee's Report on Growth, Employment and Price Stability published on Thursday.

[Hon. Mr. Grosart.]

Here is a further quote from the same article:

> It is a refreshing argument to hear amid the loud wailing and gnashing of teeth over the breach of security on the Gray report. The senators believe that more open policy-making would have practical benefits through better public understanding because an informed public can help the government achieve its policy goals, as an ignorant or confused public cannot.

The article goes on to quote this important passage from the report:

> We repeat that the public and their parliamentary representatives are mature and experienced enough to appreciate that economic policy-making is an ongoing learning process, subject to trial and error. The people have a right to be told more about this process because its outcome so greatly affects their jobs and living standards.

Commenting on that the *Citizen* says:

> The people have a right to be told—that is the central point. If they are not told, the press has more than a right, and obligation, to help them find out.

Honourable senators, as a member of the committee I take considerable pride in the work it has done, although my part in its activities and in its achievement was small.

By placing before our policy makers a very clear statement of the alternative to the consistent long-range planning that is recommended, Senator Everett put the situation rather well when he said in this chamber:

• (2040)

> On the one hand you have the failure to recognize that there is a trade-off, so you bounce back and forth between 3 per cent and 8 per cent unemployment and up to 5 per cent inflation and you have a stop-go, overly-reactive economy. On the other hand, you run the economy at full employment and you try to put on controls that either will not work or will destroy economic freedom—and maybe some other freedoms besides. We do not think our way is easy, but, honourable senators, we think it is the only way that we can run this economy and achieve the sort of goals and sort of results that the public wants.
>
> We think that, if we could cause the Government and the public to endorse the recommendations in this report, it would change the fabric of economic life in Canada.

Senate *Hansard* records that some honourable senators remarked "Hear, hear". I say "Encore" to this.

Hon. Paul Desruisseaux: Honourable senators, I shall not speak at any length on this subject.

The Senate is certainly not the Government of Canada, but the members of the Senate and a great many Canadians think it is a most important and essential part of the machinery that makes Government work. In my opinion, it does share the responsibility of helping to provide the best possible government along with the responsibility of helping to establish the best policies. The Senate places the final seal of approval on all proposed Canadian legislation.

Whatever reports are tabled by Senate committees in this chamber, and whatever parts the Senate chooses to

approve, are the unbiased and non-political views of most members of the Senate. The arguments and debates carried on in the committees of the Senate and in this chamber are, in my view, meant to carry their whole meaning, their deepest implications, to the Government and to all Canadians. They are meant to convey the way honourable senators look at the problems, their conclusions, and the consequences they see for Canadian taxpayers in their "sober second look" at the legislation that is being assessed, and which is sometimes considered "avant gardiste". The performance of such duties—and let me say this without humility—is often recognized at some time or another as an expression of wisdom. This is one of our greater rewards, along with the satisfaction of serving Canada well and to the best of our ability, and in knowing that in so doing we carry out the task of safeguarding the rights of minorities, and the rights of the provinces.

The committees would be useless if, after their studies, they did not call the shots as they saw them. The report of the Standing Senate Committee on National Finance on Growth, Employment and Price Stability is, in my judgment, very useful and helpful to the Government and to the Canadian people.

I congratulate the Chairman, the honourable Senator Everett, for initiating this important study. I congratulate also my other colleagues on the committee for their straightforward views which are based on the knowledge and judgment of some of the best economists in Canada, the United States, the United Kingdom, West Germany and other countries. The recommendations should clear the air and dissipate some of the propagated fallacies of our economic situation. They justify the fundamental review of some of our basic money policies in our common search for what is best. We can achieve full potential growth along with the goals of our society, without having to put on the brakes occasionally in fits of high unemployment.

The report recommends policies which are acceptable to the best economists as means of achieving a much better equilibrium. It is to be hoped that this will prevent the confusion we have been witnessing.

[*Translation*]

The committee has arrived at the conclusion that the three big levers of monetary, fiscal and exchange rate policies are the principal and necessary means for stabilizing our economy. Hence the committee has necessarily rejected the use of price and income controls as efficient means of stabilizing the Canadian economy. This conclusion has not been invented by the committee but is rather based on serious economic data submitted to our consideration by groups of prominent and recognized economists.

In the light of past experience the committee has questioned the merit and value of most political systems of income.

Thus the committee has realized that some systems were no good for us because they would involve, among other things, so many obstacles to the economic vitality that is necessary in Canada, and would threaten individual liberty in its conception and in its application.

The report shows in their true light all sorts of proposed economic theories. The study was based on the data submitted. The results were examined and analysed through the application of some economic principles that were advocated. All this contributed to the preparation of the recommendations that you now have before you.

I have already given unqualified support to the committee's recommendations, which I feel are very wise. I hope that now, after they have been dealt with here, they will also be analyzed, accepted and endorsed by the Economic Council of Canada.

Finally, I express the hope that the bilingual report will be distributed in all our universities concerned with our Canadian economy, among our labour unions, our manufacturing organizations and our Chambers of Commerce, in order to dispel clouds and doubts about our economic system and assist in conceiving and establishing the real Canadian policy most likely to contribute to our progress.

• (2050)

[*English*]

Hon. Mr. Choquette: Hear, hear.

Hon. Leopold Langlois: If no other honourable senator wishes to participate in this debate tonight, I move its adjournment.

Hon. Mr. Choquette: Have we decided whether the word is "adjournment"?

On motion of Hon. Mr. Langlois, debate adjourned.

PAROLE SYSTEM

FIRST REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ADOPTED

The Senate resumed from Thursday, November 25, the adjourned debate on the motion of the Hon. Mr. Prowse, for the adoption of the first Report of the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. John M. Macdonald: Honourable senators, when I moved that further discussion on this motion be postponed until this evening it was simply for the purpose of keeping it open, as some observations had been made that perhaps other senators would like to consider its implications during the weekend.

The first report actually consists of only two paragraphs, the first of which recommends that the committee have the power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination. Now, that is a routine authority given to every committee investigating or studying any such subject.

The second part of the report is that the committee or subcommittee may adjourn from place to place inside or outside Canada for the purpose of carrying out such examination. Perhaps it was fear of the mention of inside or outside Canada which caused some senators to have doubts as to whether this should be passed. I do not consider that there is anything extraordinary in this recommendation. Actually, if the committee is to carry out the study in depth of the parole system in Canada which has been entrusted to it, such an authorization is

necessary and I do commend it to the favourable consideration of the Senate.

Hon. L. P. Beaubien: Honourable senators, when we consider the question of parole in Canada, those who should be most interested and to whom we should first listen are representatives of the Royal Canadian Mounted Police. Secondly, we should consult at great length with members of the provincial police forces of the provinces which maintain such bodies. We should call for representations from chiefs of police of all large centres.

I am not aware of the record of the National Parole Board during the last three or four years, but I do know that the nation's crime record is completely shocking. Those who have the responsibility of enforcing the law must be consulted in any consideration of this subject. We should request the Commissioner of the Royal Canadian Mounted Police to recommend the appointment of one of their experts to work with the committee.

As an illustration of what is going on, let me say that my car was stolen in April and in it were a few credit cards. I called one oil company an hour after the theft, but already approximately $600 had been charged on two cards alone. The insurance adjuster informed me that every dealer has a telephone number which connects him with a computer which indicates whether a card has been reported stolen. The dealer is perfectly safe in accepting the card after checking with the computer. However, if the computer indicates that the card has been reported stolen, the oil company will not honour it.

This was a practically brand new car and I asked how it could be that within one hour six tires and a considerable number of parts had been bought for it. I was informed that the thieves do not buy anything. They go to a dealer, give him the card and ask for $100 saying they will sign for $150. If the dealer will not do that, his pumps are soon smashed. Honourable senators, this is the sort of thing that is going on.

Think of all the murders committed in Montreal, not in robberies but in night club slayings and so on. Four policemen were shot in one week, but I am not referring to that type of crime. These gangs obtain a great deal of money by armed robberies. They pay no taxes and they have power of life and death over others. The crime situation in Canada has become almost out of hand. In my opinion the motion for this study comes at the right moment. We should examine this subject very thoroughly, keeping in mind that Senate committee reports have been excellent and that anything we do will be widely publicized. We should therefore ensure that we do a thorough job.

Hon. Lionel Choquette: Honourable senators, a study of the parole system will have nothing to do with the type of situation referred to by my honourable friend. It has always been my opinion that a committee of the Senate should not confine itself to a study of the parole system. It should invite all chiefs of police in Canada to make representations as to amendments to the Criminal Code which will enable them to cope with the gangsters in this country.

• (2100)

That is the type of study the Senate should authorize. That is the kind of invitation that should be extended to all chiefs of detectives and chiefs of police, because we have heard such people say repeatedly over the radio and on television that today's gangsters are organized, and the powers of the police are restricted.

Unless and until the Senate decides to invite the chiefs of police to advise the committee on what can be done to help them combat the gangsters and their methods of operating, the parole system itself becomes a secondary matter. I think my honourable friend had in mind something along these lines, because a study of the parole system alone will not deal with the problems he has presented.

When examining the parole system we must be very careful not to make recommendations that would liberate the gangsters too early, because they will simply continue to do what they have done in the past. We must set up a committee to study all these problems.

Hon. J. Campbell Haig: Honourable senators, without taking anything away from the deputy chairman's remarks when presenting this report of the Standing Senate Committee on Legal and Constitutional Affairs, I would say to Senator Beaubien that the problem he raised is one of those which should be discussed. In reply to Senator Choquette I say that the committee would make arrangements to have the Solicitor General and his staff, the National Parole Board and its staff, the police chiefs of Canada, and representatives of the John Howard Society and the Elizabeth Fry Society, appear before it. In addition, the committee is prepared to hear certain parolees.

The committee will deal with the parole system in all its aspects, from the point of view of the Solicitor General, the Parole Board, the Chiefs of Police, the Elizabeth Fry Society, and the John Howard Society. The loss of Senator Beaubien's car and credit cards could be the subject of another study.

Hon. Hartland de M. Molson: Honourable senators, it was at my suggestion that the report was not considered at the last sitting but was deferred until this evening, because I wished time to give thought to the matters raised.

I agree with the deputy chairman of the Standing Senate Committee on Legal and Constitutional Affairs that the subject is indeed a very important one. I agree also that it is very timely, and that there are few subjects in our sphere of activity that could be more usefully studied.

I am concerned, however, about the emphasis placed on the proposed work of the committee. When I heard it proposed that the committee should make such a study, I felt that its investigation would be completely open-ended; that it would not be aimed at any particular group, or phase of the problems affecting the criminal and his rehabilitation.

However, in reading more carefully the remarks of my colleagues, I am a little concerned that we may be doing what we have done in the past on such matters as capital punishment, namely, putting undue emphasis on the point of view, the problems, the struggle for existence of a small minority group. In so doing we run the danger, perhaps, of disregarding the interests of a very much wider group

who could be considered to be at least as important, if not more so.

Senator Prowse, in his remarks the other evening, recommended the appointment of a special adviser who might be a parolee, and said that the name of such a person had been suggested by Senator Hastings. Honourable senators, I do not say that this is wrong—it might be very helpful—but I became a little concerned when Senator Hastings said in support of that remark:

> —in this important area of parole investigation there is one segment of society vitally interested, and that section is made up of present and former inmates of our penitentiaries as well as those who are on parole now.

I am sorry, but I do not find that a balanced statement, and I question it. I think there are far more people than those in that one segment who are vitally interested. Every time a crime is committed with violence and brutality I am more concerned about the victim and his family than I am about the person who finds himself in miserable circumstances after being sentenced for the crime.

Senator Hastings went on:

> I am pleased they have concurred in my suggestion that the special assistant to the committee shall indeed be a parolee, an inmate or a former inmate.

Honourable senators, I do not think that we should have inmates of prisons advising a Senate committee. I question this.

Senator Hastings also said:

> I believe such an individual working for our committee will give us the needed credibility since there are a few who hold us in disrespect and who ask just how sincere we are about the job we are performing.

In my opinion the Senate is very sincere about the job it is performing. I do not think any Senate committee, even one dealing with parole and imprisonment, and all the social connotations attached, is dependent on such persons in order to obtain credibility.

Hon. Senators: Hear, hear.

Hon. Mr. Molson: The committee should be completely impartial. I do not think it should appoint a policeman, an inmate, or a parolee as special adviser. I believe it should be set up as our committees have generally been set up; that is, with the greatest endeavour to have a completely impartial committee which will be able to examine the problems and difficulties of the parolees and those who hope to be paroled, yet never forgetting the responsibility it has to the public at large who generally not only pay the cost of the crimes that have been committed by those on parole but who also suffer as a result of them.

• (2110)

Hon. Senators: Hear, hear.

Hon. J. Harper Prowse: Honourable senators, I presume that my remarks will close the debate.

The Hon. the Speaker: Before the honourable Senator Prowse speaks, may I ask if any other honourable senator wishes to participate in the debate now; otherwise his speech will end the debate.

Hon. Mr. Prowse: First of all, I would like to thank those who took part in the debate, both the other evening and tonight. I assure honourable senators that we are not asking the house to approve of any details involving the work of the committee. Perhaps, in my innocence, I was at fault in outlining too many details about what the committee is planning to do. I am not going to apologize for that fault because I think it is too nice a fault to apologize for.

You now know what it is we have in mind, and one way of making sure that this committee does not go off the rails is by attending its meetings. Some of the senators who have spoken in this debate are members of the committee, but have not attended our organizational meetings. A meeting has been called for 10 o'clock tomorrow morning, and if this report is adopted tonight the committee will proceed to discuss the details.

I can assure you that we have been guaranteed by the Solicitor General and by the National Parole Board the complete use of their staffs in any way we may require them at any time.

I did suggest when I spoke previously that I thought it important that we keep away from governmental people in order to give ourselves credibility with the public. This is why I suggested that the person who is appointed adviser to the committee should be neither a public servant nor a parolee.

The parolee question, I will admit, is a difficult but important one. This subject was discussed in committee the other day and it will be discussed again before any decision is made. I did say at the last sitting that it was not with the public that we wanted this man to give us credibility. Obviously, I did not make myself clear, and this is why I am now repeating it. We do not need him to give us credibility with this house, but if we are to do a useful job we must have the confidence of the people, as Senator Hastings has said, who are most involved, namely, those who are presently on parole and those who expect to be paroled. If they are going to tell us what they actually feel, they have to believe that we are sincere. If we are successful, perhaps there will be fewer people like those described by Senator Beaubien.

Our present penal system results in 68 per cent of those released from penitentiary ending up back in prison. It is just possible that we may be able to recommend, through this inquiry, a system whereby less than 68 per cent return. This is the hope of the committee.

Quite frankly, honourable senators, we are worried about obtaining a quorum. The committee has 30 members. The quorum is seven. There is concern about getting a quorum, so the committee has decided to establish a subcommittee which will consist of the steering committee plus any other member of the Senate who wants to sit with it. This is an open invitation. We want to do a job of which both the committee and this house can be proud. We can do it only if you attend the meetings. Do not just talk at us; participate in the meetings. The invitation is there, and I ask you to give us an opportunity to do this job.

Report adopted.

FOREIGN AFFAIRS

CANADA-U.S.S.R. GENERAL EXCHANGES AGREEMENT AND CANADIAN-SOVIET COMMUNIQUÉ—DEBATE CONCLUDED

On the order:

Resuming the adjourned debate on the inquiry of the honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-U.S.S.R. General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(Honourable Senator Smith)

Hon. Donald Smith: Honourable senators, I do not rise to make a speech on this subject but simply to point out that in my capacity as Acting Whip I stood this item with the expectation that someone else might wish to participate in the debate. I assume that the item will be dropped from the Order Paper if no one else wishes to speak to it.

The Hon. the Speaker: Under the circumstances, honourable senators, this inquiry is now considered as having been debated.

The Senate adjourned until tomorrow, at 2 o'clock.

APPENDIX

(*See p. 1516*)



Standing Senate Committee on Banking, Trade and Commerce

Preliminary Report No. 2

on

the Summary of 1971

Tax Reform Legislation

The Honourable Salter A. Hayden, Q.C., Chairman

23351—98

MEMBERSHIP OF THE COMMITTEE

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Salter A. Hayden, *Chairman,* and

The Honourable Senators:

Aird	Grosart
Beaubien	Haig
Benidickson	Hays
Blois	Isnor
Burchill	Lang
Carter	Macnaughton
Choquette	*Martin
Connolly (*Ottawa West*)	Molson
Cook	Smith
Croll	Sullivan
Desruisseaux	Walker
Everett	Welch
*Flynn	White
Gélinas	Willis
Giguère	

**Ex officio members*

(Quorum 7)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, September 14, 1971:

"With leave of the Senate,

The Honourable Senator Hayden moved, seconded by the Honourable Senator Denis, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Robert Fortier,

Clerk of the Senate.

23351—98½

Wednesday, November 24, 1971.

INTRODUCTION

On September 14th, 1971, there was tabled in the House a document entitled "Summary of 1971 Tax Reform Legislation" and, by resolution of the Senate on the same date, consideration of same was referred to the Standing Senate Committee on Banking, Trade and Commerce.

For the purposes of brevity and identification, the "Summary of 1971 Tax Reform Legislation" will be referred to in this report as the "proposed legislation" and the Standing Senate Committee on Banking, Trade and Commerce will be referred to as "your Committee" or "the Committee".

On Thursday, November 4th, 1971, The Honourable Salter A. Hayden, Chairman of your Committee, submitted a preliminary report on the proposed legislation and, in such report, a number of recommendations were submitted with respect thereto.

In the report of November 4th, 1971, hereinbefore referred to, the following statement was made:

> "Having regard to the urgency of the matter and the problem of time, your Committee is submitting for your approval at this time a limited number of recommendations but it is hoped that the Committee will still be in the position to make further recommendations before the proposed legislation reaches this House. Alternatively, the Committee will submit these further recommendations when the said proposed legislation reaches this House after having passed the other House."

Since the submission of the preliminary report, your Committee has heard a further number of representations and has received further written submissions on the proposed legislation. Having studied these further submissions and representations which were received in the period following the 27th day of October, 1971, to the 10th day of November, 1971, when the last hearing took place, your Committee has concluded that it is desirable to submit to the Minister of Finance, as expeditiously as possible, a number of further recommendations in respect to the proposed legislation which is presently being considered by Committee of the Whole of the other House. It is the hope that, upon receipt by the Minister of Finance of these further recommendations, the same will be accepted by him as again being pertinent and relevant, and to the extent so regarded, that appropriate amendments will be submitted by him to the other House while the said proposed legislation is still being considered in the Committee stage.

In your Committee's report of November 4th, 1971, and in the section captioned "EPILOGUE", your Committee recorded its intention to present a second report after the termination of its hearings covering submissions made subsequent to October 27th, 1971. Your Committee referred in such captioned "EPILOGUE" to some of the topics which it intended to cover in its second report. Having regard to the exigencies of time, your Committee has been able to deal with only some of the topics referred to in the "EPILOGUE". The proposed recommendations with respect to these topics are hereinafter submitted.

PULP AND PAPER INDUSTRY

1. General considerations

The pulp and paper industry plays a vital role in the economy of this country. It is because of this predominant role that your Committee has given special attention to the representations made by the Canadian Pulp and Paper Association.

Corporations in the natural resource industries are characterized by the following common factors:

(a) development and processing of natural resources,

(b) investment of large amounts of capital,

(c) creation of substantial employment, and

(d) sales on a world-wide basis.

Corporations in the natural resource industry are also characterized by a large degree of risk. Part of such risk is represented by the huge capital investment in machinery and equipment required in the pulp and paper industry.

From the information provided to your Committee, the following resume is submitted:

> For the year 1970 the industry exported 12.54% of the total Canadian domestic exports and ranks as one of the largest exporters in Canada. In 1970 the industry employed 156,400 persons including permanent and seasonal woodland operators. In addition, a substantial number of persons are employed in related fields. The statistics submitted by the representatives of the industry indicate that the five major suppliers of wood pulp and newsprint in the world are Canada, United States, Scandinavia, Japan and Russia. United States and Scandinavia are Canada's main competitors in this industry.
>
> The following table illustrates the change and the continuous deterioration in Canada's position in this field in relation to its major competitors over the last 20 years.

	Relative Percentage Share of Production			
	Wood Pulp		Newsprint	
	1950	1970	1950	1970
Canada	28	23	72	58
United States	49	53	14	22
Scandinavia	23	24	14	20
	100%	100%	100%	100%

> Representatives from this industry have expressed the view that this decline is caused by, among other factors, tax disadvantages suffered by Canadian corporations in relation to their major foreign competitors. These representatives prepared an analysis of comparative income tax payable by United States corporations and Canadian corporations for the 5 years ended

in 1969. This analysis indicates that these United States corporations incurred average taxes of 34% of income (taking into account both capital and income) whereas Canadian corporations incurred comparable average taxes of 49%.

As to Sweden's tax treatment, the current annual rate of corporate income tax payable is approximately 40% as compared with 51% to 54% in Canada. To this tax advantage Swedish corporations obtain more generous capital cost allowance (depreciation and depletion) and also investment reserves. In Finland, the currency devaluation of 31% which occurred in 1967, coupled with that country's fiscal policy has further placed its pulp and paper industry in a relatively advantageous competitive position as a world supplier.

It is therefore apparent that the Canadian pulp and paper industry is at a great disadvantage vis-a-vis its international competitors. It is therefore essential that special consideration be given to assist the industry to maintain and improve its international position.

This industry's reliance on world markets also has an important direct effect on employment in Canada.

It is generally acknowledged that Canadian corporations which sell their products in international markets are in a difficult competitive position if their tax burden is much greater than that applicable to their competitors. It is apparent that the incidence of tax on the pulp and paper industry in Canada deserves to be examined carefully and that some attempt should be made, if at all possible, to place this industry in a reasonably fair position vis-a-vis its foreign competitors if Canada wishes to promote its export trade and employment in this industry.

At the risk of repeating itself, your Committee would again quote part of a statement made by the Government in the White Paper "Proposals for Tax Reform."

"6.9—. Going international is frequently necessary to enable Canadian companies to achieve the economies of scale which are otherwise denied them by the relatively small size of the Canadian domestic market. Such companies would find it hard to compete on the international scene if they were subject to more onerous taxes than those which apply to their competitors.—."

Your Committee concurs with this statement but deplores the fact that no recognition has been given to this very problem in respect of the pulp and paper industry under the proposed legislation.

The pulp and paper industry is subject to high capital requirements. As a consequence, carrying charges and amortization costs have a very great effect on the cost of production. For this reason, your Committee is of the opinion that any alleviating measures should be related to this factor, and that a concept of "earned depreciation" should therefore be given consideration in the proposed tax legislation.

The concept of "earned depreciation" could be formulated in the following manner: a corporation would earn the right to claim a special deduction based upon amounts incurred in respect of any qualified expenditures made after the commencement of the new system.

Earned depreciation would be in addition to the normal capital cost allowances. It would not reduce undepreciated capital cost and would not be subject to recapture of capital cost allowance. The corporation would have the right to claim all, or part, of this earned depreciation in the year in which its capital expenditures are made or to defer all, or any part, until some subsequent year. Appropriate safeguards could be introduced to prevent abuses.

In order not to discriminate against corporations which embarked upon a modernization or expansion program prior to the commencement of the new system, it would be necessary to establish a deemed earned depreciation. The amount of this deemed earned depreciation could be calculated as a certain percentage of the undepreciated capital cost of qualified expenditures on hand at the commencement of the system. If necessary, a limit could be placed on the maximum amount deductible in any year.

2. Pollution abatement and control

Apart from the tax disadvantages mentioned above, a new factor has recently been added to the industry's operating costs. This is the requirement to install and improve equipment and measures for the abatement and control of pollution.

Pollution abatement and control is not merely a local problem: it is primarily a national problem. The need for anti-pollution measures cannot be overemphasized, however. At the same time as Canada is endeavouring to improve the general environment for all Canadians, it would be short-sighted to overload the costs of some of our exporting industries which are competing in world markets.

Without debating the relative effectiveness or fairness of the use of tax incentives for the purpose of abatement or control of pollution generally, the nature of the pulp and paper industry is such that it must be located near large bodies of water for both production purposes and for direct, inexpensive transportation. Apart from the requirement of adequate hydro-electric power, such locations are usually somewhat remote from centres of population except where the concentration of people and ancillary businesses have developed in that particular area. The importance of the contribution to the national wealth produced by this industry clearly appears to warrant some spreading of the cost to include more than local communities and the pulp and paper industry.

With a view to correlating the national and local objectives of pollution abatement and control and to obtain a fair sharing of the cost burden, it appears advisable to supplement existing grant programs and tax incentive programs by developing a special loan program for the pulp and paper industry. This could consist of long-term federal loans without interest or federally guaranteed loans to pulp and paper corporations.

Alternatively, if interest be charged, part or all of such interest might be rebated from year to year. This could be achieved by allowing an annual additional capital cost allowance whereby the original capital cost could be increased by a percentage factor sufficient to accomplish the desired after-tax effect equivalent to a rebate of interest.

Your Committee considers that the foregoing would prevent an undue loading of additional costs on production by distributing some of the burden on a national basis.

While loan programs, forgiveness of loans and rebate of interest cannot be expected to fall directly within the scope of fiscal policy, your Committee is of the opinion that equivalent results could be produced by translating the after-tax effect into special capital cost allowance (depreciation) measures and rates in the proposed legislation.

Such measures are now available under the present legislation. As a matter of fact, in the Government's budget tabled on December 3, 1970, additional capital cost allowances were created whereby manufacturing and processing enterprises are permitted to value new investments in machinery, equipment and structures at 115 per cent of their actual cost as a base for calculating capital cost allowances. This is applicable to new capital investments acquired during the period commencing December 4, 1970, and ending March 31, 1972.

Having regard to the foregoing factors and special disabilities affecting this industry *your Committee recommends:*

1. that a concept of "earned depreciation" be introduced in the proposed legislation or, alternatively, that additional capital cost allowances be granted by one of the following methods:

   (a) increasing the present rate of capital cost allowances,

   (b) introducing additional yearly capital cost allowance through permitting the original capital cost or the undepreciated capital cost as at the commencement of the new system to be valued at more than 100 per cent, and

   (c) granting accelerated capital cost allowance.

2. that expenditures by corporations in the pulp and paper industry for the control and abatement of pollution be financed and assisted by one of the following methods:

   (a) government grants or long-term interest-free loans, or

   (b) special capital cost allowances such as those referred to above.

3. Logging tax credit

It was submitted to your Committee that there exists an element of double taxation for some corporations because the abatement for the provincial logging tax is not 100 per cent. This is caused by the fact that the credit for federal abatement is not calculated on the same basis as that calculated for the logging tax itself. This present anomaly, far from being cured by the proposed legislation, has been compounded by a further limitation in calculating the logging tax credit, namely the required inclusion of taxable capital gains in the tax base, which gains are to be excluded from the taxable income available for the logging tax credit (although such gains could be included in the calculation of the logging tax itself). This double taxation becomes very severe in a loss year or when the non-logging operations suffer a loss.

Furthermore, there are provinces which do not levy a logging tax as such, but instead levy other taxes corresponding to the logging taxes of other provinces. It is suggested that the government should examine the various taxes levied on the pulp and paper industry in provinces which do not have a formal logging tax, and determine if some provinces or municipalities are levying taxes which are in substance similar to logging taxes but which are nevertheless not deductible from income tax payable.

Your Committee recommends:

1. that the amount of provincial logging tax paid be credited against federal income tax payable within specified limits and with the following additions:

   (a) that the base upon which the logging tax credit is calculated for federal purposes should be the same as that upon which the provincial logging tax was imposed, and

   (b) that any creditable logging tax not deductible in a taxation year be carried forward and be deductible against future federal income tax payable.

2. that the Government consider the possibility of granting similar relief to those corporations that are paying provincial or municipal taxes on their logging operations not levied as logging taxes but which are in substance similar to a logging tax (and are not subject to the federal abatement).

TAX-EXEMPT NON-RESIDENT INVESTORS

Under the present Income Tax Act the Minister of National Revenue is authorized to issue a "certificate of exemption" to any non-resident person who establishes that he resides in a country which imposes an income tax and that he is exempt from such tax under the laws of that country. The effect of obtaining a certificate of this kind is that the non-resident person is exempt from Canadian non-resident withholding tax in respect of interest payable on any bond, debenture or other similar debt obligation that was issued to him after June 13, 1963.

The obvious purpose of this provision (as hereinafter noted) was to encourage the sale of Canadian debt obligations to tax exempt non-residents by removing the tax disadvantage which such persons otherwise would suffer if they reinvest in Canada rather than in their country of residence. Unlike the non-resident person who is subject to tax in his country of residence and who is generally able to recover part, if not all, of the Canadian income tax payable on Canadian source income by way of credit against the income tax otherwise payable by him, the tax-exempt non-resident is unable to recover any part of the Canadian income tax which he may be required to pay. Therefore, but for the "certificate of exemption" provisions, a tax-exempt non-resident would suffer a tax disadvantage by investing in Canadian debt obligations rather than in securities issued by persons resident in his country of residence (the income from which would be exempt from tax).

In order to qualify for a certificate of exemption under the proposed legislation, a non-resident must not only be exempt from income tax in the country in which he resides but must also be

1. a person who would be exempt from Canadian income tax under the relevant exempting provisions of the proposed legislation if he were resident in Canada, or

2. a trust or corporation established solely in connection with an employee's superannuation or pension fund or plan.

Any non-resident person failing to qualify under these new requirements who holds a certificate of exemption which was issued under the provisions of the present Income Tax Act and which is still in force on December 31, 1971, will continue to be exempt from Canadian non-resident withholding tax in respect of interest payable to him on or before December 31, 1974—provided that he continues to be exempt from tax in his country of residence. Interest received by him thereafter will be subject to the normal withholding tax provisions unless he is able to meet the new requirements of the proposed legislation.

In considering the effect of these new provisions, your Committee heard evidence presented on behalf of a major non-resident investor who now holds a certificate of exemption but who will fail to qualify for a similar certificate under the proposed legislation. This organization has invested substantial amounts in long-term Canadian debt obligations and has entered into commitments to purchase additional Canadian bonds, in each case on the assumption that its exemption from Canadian non-resident withholding tax would remain in force as long as it continued to qualify as a tax-exempt person in its country of residence. Having regard to the amount invested in Canada and having regard also to the fact that many of the debt obligations were purchased privately (consisting of securities in respect of which no prospectus has been filed), this particular organization appears to have valid reasons to believe that it will encounter considerable difficulty in selling its Canadian securities and thereby avoid the tax disadvantage which it would suffer if it continued to own such investments after December 31, 1974.

This particular situation is presumably by no means unique and your Committee considers it inequitable that the exemption should be withdrawn with respect to investments or commitments which have already been made—and on such short notice. In fact, your Committee believes that the sale of Canadian debt obligations (as distinct from Canadian equities) to non-residents should be encouraged by extending the present exemption from withholding tax provisions instead of restricting it.

When the exemption presently accorded to tax-exempt non-residents was first introduced, the Honourable Mr. W. Gordon, the then Minister of Finance, stated as follows:

> "The purpose of this resolution is, of course, to make it easier or make it more desirable for pension funds in other countries to invest in Canadian bonds. As we all know, we are primarily interested in and thinking about the inflow of capital: Certainly, in totals and magnitudes, we are primarily interested in the sale of Canadian bonds abroad rather than Canadian equities."

In the opinion of your Committee the circumstances above described have not changed and indeed are perhaps more necessary than ever.

Your Committee recommends that the exemption accorded to tax-exempt non-resident persons under the present Income Tax Act should be continued in the proposed legislation.

MINING AND PETROLEUM (NON-OPERATORS)

Your Committee stated in its preliminary report of November 4, 1971, that the 33⅓% automatic depletion which is allowed under present law to an operator of a resource property will be abolished under the proposed legislation at the end of a five year transitional period (i.e. after 1976) and will thereafter be replaced by an earned depletion allowance equal to $1 for every $3 of eligible expenditures incurred on exploration and development after November 7, 1969. The Committee recommended in this connection that the transitional period be extended to the end of 1980 or, alternatively, that taxpayers be allowed to "bank" for earned depletion purposes an amount equal to all eligible expenditures incurred, whether incurred before or after November 7, 1969, but that all depletion previously allowed be deducted in determining the balance of the "bank" available for earned depletion allowance.

As a result of its continuing study of the tax reform measures, your Committee has noted that the proposed legislation would also remove, as of the end of 1976, the 25% automatic depletion that is now allowed to non-operators in respect of income such as royalties which they may derive from resource properties. Royalty income received after 1976 is to be treated in the same manner as productions profits and therefore, will be eligible for the proposed 33⅓% earned depletion.

Your Committee is of the view that it is equally important that the five year transitional period relating to the withdrawal of the automatic depletion allowance should also be extended to non-operators, at least in respect of income derived from a royalty or other similar interest in a resource property which the taxpayer acquired prior to June 18, 1971, or which he was obligated at that date to acquire. The alternative recommendation which the Committee put forward in its preliminary report with respect to the basis of computing earned depletion for operators of a resource is unlikely to afford much relief to non-operators in respect of interests acquired prior to June 18, 1971, as these taxpayers will not have incurred as extensive exploration and development expenditures as operators. They will therefore not be entitled to a comparable amount of earned depletion if the Committee's alternative recommendation is implemented.

Your Committee recommends that the 25% automatic depletion now allowed to non-operators in respect of income derived from a royalty or other similar interest in a resource property be continued for royalties received prior to 1981 in respect of interests which the taxpayer owned at June 18, 1971, or which he was obligated at that date to acquire.

TRANSITIONAL AVERAGING PROVISIONS CONCERNING LUMP SUM PAYMENTS OUT OF PENSION PLANS AND DEFERRED PROFIT SHARING PLANS

Single payments out of a pension plan or deferred profit sharing plan which are received in a taxation year ending after 1973 will be eligible for relatively generous averaging provisions presently afforded by section 36 of the Income Tax Act to the extent of amounts vested up to January 1, 1972. The proposed legislation would restrict the right to

such averaging by providing that once a taxpayer has elected to utilize section 36 averaging in respect of amounts vested up to January 1, 1972, he is precluded from invoking the general and forward averaging provisions of the proposed legislation in the same year in respect of amounts vested after 1971. The amount available for section 36 averaging is thus limited to that portion of the lump sum payment which accrued up to January 1, 1972.

It is apparent that as the benefits under pension and deferred profit sharing plans which vest after 1971 increase in relation to those which vested prior to 1972, the benefit afforded by section 36 averaging will decline in respect of lump sum payments received after 1973, until the point is reached when section 36 averaging will become unattractive.

Your Committee recommends that

(a) section 36 averaging should be available in respect of the portion of a lump sum payment received in a taxation year ending after 1973 out of a pension plan or deferred profit sharing plan which the taxpayer would have received pursuant to such a plan if he had withdrawn therefrom on January 1, 1972, and also

(b) the general and forward averaging provisions of the proposed legislation should be available in respect of the portion of such payments which have vested after 1971.

Single payments received out of a pension plan or a deferred profit sharing plan made in a taxation year ending after 1971 and before 1974 are to be entitled to section 36 averaging in their entirety. Your Committee considers such treatment to be equitable.

NON-RESIDENT-OWNED INVESTMENT CORPORATIONS (N.R.O.'s)

The effect of the provisions of Section 70 of the present Income Tax Act (which relates to non-resident-owned investment corporations) is, in general, to treat non-residents who hold Canadian investments indirectly through the medium of a Canadian holding company in substantially the same manner as they would have been taxed if they had owned such investments directly—provided, of course, that the Canadian holding company qualifies as a non-resident-owned investment corporation (referred to hereinafter as an N.R.O.).

Certain exceptions to this general rule do exist in the present Income Tax Act. For example:

1. A non-resident who owns shares of a corporation which has a degree of Canadian ownership (as defined in Section 139A of the Act) is subject to a 10 per cent Canadian non-resident withholding tax on dividends received from that corporation whereas all dividend income flowing through an N.R.O. attracts a 15 per cent tax under Section 70.
2. Interest payable to non-residents on certain types of Canadian debt obligations (e.g. certain federal and provincial bonds) is now exempt from Canadian non-resident withholding tax but is subject to the 15 per cent N.R.O. tax if paid to an N.R.O.
3. Any investment income which an N.R.O. may derive from non-Canadian sources is subject to Canadian tax under the N.R.O. provisions whereas such income would not be subject to Canadian income tax if paid to the non-resident directly.

However, these and the various other exceptions which exist under the present Income Tax Act have generally been considered relatively insignificant and have not discouraged non-residents from investing in Canada through the medium of an N.R.O.

It is implied on page 58 of the "Summary of 1971 Tax Reform Legislation" that this neutrality in the taxation of non-resident investors, whether they invest directly in Canada or indirectly through an N.R.O., would be continued under the new system; and, in particular, that non-resident shareholders of an N.R.O. would not be subject to Canadian income tax in respect of any capital gains which would not be taxable in Canada if realized personally by a non-resident investor. However, contrary to the statements contained in the Summary, the tax position of a non-resident shareholder of an N.R.O. is not equated with the treatment accorded to non-residents who invest directly. For example:

1. Capital gains realized by an N.R.O. on the disposition of capital property other than "Canadian property" will be subject to Canadian non-resident withholding tax when ultimately distributed by way of dividend to the N.R.O.'s non-resident shareholders. This treatment is clearly anomalous and the proposed legislation should be amended to provide that any net gains realized on the disposition of non-Canadian property should form part of an N.R.O.'s "capital gains dividend account" which may ultimately be distributed to shareholders free from Canadian non-resident withholding tax.
2. Any capital gain realized by a non-resident on the disposition of shares of an N.R.O. (including a gain arising on death) will be subject to Canadian income tax under the proposed legislation. This treatment is inequitable as it could result in double taxation or in the taxation of amounts which should not attract Canadian income tax. For example, part or all of the gain realized by non-resident shareholders could be attributable to gains realized by the N.R.O. on the disposition of taxable Canadian property which had not been distributed to shareholders at the date on which the particular shareholder disposed of his shares of the N.R.O. These gains would have been taxed in the N.R.O.'s hands and would accordingly be available for distribution as a tax-exempt dividend out of the N.R.O.'s "capital gains dividend account". Therefore, the non-resident shareholder should not be subject to Canadian income tax on any portion of the gain realized on the disposition of his shares of the N.R.O. that is attributable to gains previously realized by the N.R.O. on the disposition of taxable Canadian property.

   Similar problems exist where the gain realized by the non-resident shareholder is attributable to:

   (a) undistributed capital gains which the N.R.O. previously realized on the disposition of any other type of capital property,

   (b) any unrealized appreciation in the value of the N.R.O.'s capital property, and

(c) any accumulated income already taxed in the N.R.O.'s hands.

It follows that, unless appropriate amendments are made to the proposed legislation so as to ensure that N.R.O.'s and their shareholders are treated in a manner consistent with the treatment accorded to non-resident persons who invest directly in Canada, non-resident investors will no longer look upon N.R.O.'s as a suitable investment vehicle and many of these corporations will be wound up. In the result, a considerable amount of the capital now invested in Canada through the medium of N.R.O.'s may be lost. Such a consequence would be most unfortunate having regard to the importance of the role played by N.R.O.'s as a source of capital in Canada and to the contribution which such corporations otherwise make to the Canadian economy.

Your Committee recommends that furtner consideration be given to the provisions of the proposed legislation relating to non-resident-owned investment corporations and appropriate amendments be made to ensure that there is neutrality (similarity) of tax treatment as between non-residents who invest directly in Canada and those who choose to invest through the medium of a non-resident-owned investment corporation, particularly with respect to the treatment of capital gains.

INSURANCE CORPORATIONS

A. Life insurance corporations

There was referred to your Committee a matter which does not arise directly out of the proposed legislation but, rather, represents a problem which exists under the present Income Tax Act and which will continue to exist under the proposed legislation. In view of the fact that this matter will continue to represent a problem under the new legislation, the Committee considers it appropriate and proper to raise this issue at this time.

The problem which has been raised relates to the income tax treatment of dividends received by life insurance corporations in respect of investments in shares of other taxable Canadian corporations and which are acquired out of non-segregated funds. These funds (which, for the sake of simplicity, are hereinafter referred to as the "General Funds") of a life insurance corporation are invested and held for the benefit of the following groups of persons:

1. tax exempt policyholders, e.g., any person who owns a policy which is registered with the Department of National Revenue as a registered retirement savings plan or which is issued pursuant to a registered pension plan;
2. other policyholders (excluding those persons owning policies, the reserves for which are invested in "segregated funds"), and
3. the corporation itself or, in the case of corporations other than mutual life insurance corporations, the corporation's shareholders.

In order to determine the amount of the corporation's liability for income tax, it is necessary to allocate the corporation's total investment income amongst these groups in accordance with a formula set out in the Income Tax Act and the Income Tax Regulations.

In examining this matter, your Committee was advised that the total amount of investment income allocable to each group under the provisions of the present law is reasonable in the circumstances and that no objection is taken to the use of a statutory formula for this purpose. The problem lies in the fact that each group is deemed under the allocation formula to share proportionately in each type of investment income earned by the General Funds (including dividends received from taxable Canadian corporations even if such corporations are subsidiaries of the life insurance corporation in question). As a result, part of such dividends are allocated to tax exempt policyholders, thereby reducing the amount of the deduction allowable in computing the corporation's taxable income in respect of dividends received from other taxable Canadian corporations. This also holds true under the proposed legislation.

As is often the case, the assumptions made in devising statutory formulas such as this can be in error. In the case of life insurance corporations, the policyholders' funds must be invested in such a manner as to ensure that policy guarantees can be made and that such obligations can be met when the policies mature. Therefore, policyholders' funds are generally invested in fixed-interest type securities rather than in shares of other corporations. Most, if not all, of the investments in corporate shares are acquired out of the corporation's (or shareholders') funds and it follows that any allocation of dividend income contrary to this fact will result in the life insurer being effectively denied all of the dividend deductions to which it should properly be entitled. Most certainly, such a problem does not exist with respect to other corporations such as banks, trust companies and other similar financial institutions.

Your Committee recommends that corporate dividend income received and arising from investments made by a life insurance corporation out of its non-segregated funds in shares of capital stock of corporations be excluded from the allocation of investment income formula set forth in the proposed legislation.

PRIVATE GENERAL INSURANCE CORPORATIONS

Under the proposed legislation there exists in at least two respects, a distinction between a private and public corporation. That is to say, depending on whether a corporate taxpayer is public or private, the income tax treatment of transactions may differ. These two differences may be summarized as follows:

1. A public corporation may receive dividends from other corporations without payment of tax, while a private corporation receiving a dividend from a non-controlled corporation, is subject to a tax of 33 1/3 per cent. This tax however is refundable to the corporation upon the payment of a further dividend to its shareholders.
2. A public corporation will not be entitled to any preferential tax treatment in respect of its taxable business income, however, a small private business corporation will be entitled to preferential tax treatment on its first $50,000 of taxable business income. This preferential treatment is subject to a number of restrictions. One of

these restrictions is that the after-tax profits of such a corporation must not be applied towards defined "ineligible investments" otherwise the corporation will be subject to a tax for so doing.

At the outset, your Committee wishes to commend the Government for retaining the concept of a preferential tax treatment for the small business corporation. However, as will be noted, your Committee believes that, first, the requirements are unusually restrictive and may defeat the purpose of the relieving provision; and secondly, little account appears to have been taken of other statutory provisions, both federal and provincial, relating to the business conduct of corporations, which provisions may be in conflict with the restrictions as set forth in the relieving provisions. Private general insurance corporations are but one example of this latter category.

Moreover, the private general insurance corporation may not only be at odds with the proposed legislation in respect of "ineligible investments", because of other legislation that is imposed upon it, but such a corporation may also be unable to comply with the proposed "33⅓ per cent refundable tax" rule, for the same reason. Both of these matters are hereinafter dealt with.

Your Committee would turn first to the question of the "33⅓ per cent refundable tax" rule and its application to a private corporation. In the case of private general insurance corporations, your Committee has ascertained that the Canadian and British Insurance Companies Act (R.S.C., 1970, Chap. 1-15) will severely limit such a corporation from applying this rule in its favour. There are two reasons:

1. Pursuant to Section 105 of this Act, a federal Canadian insurance company is prohibited from declaring and paying dividends in excess of 75 per cent of its average profits for the three preceding years.
2. Further, pursuant to Section 103 of this Act, a federal Canadian insurance company must maintain at all times, assets of 115 per cent in relation to 100 per cent of its liabilities as a solvency test, this test conditioning as well, the payment of dividends. Unfortunately, "refundable tax" would not be treated as an admitted asset for the purpose of the solvency test under this Act.

The only comment which your Committee can make with regard to this question is that it represents an almost classic example of income tax theory being contrary to the required practice of the everyday business world.

Similarly, and as already noted, there is danger that an analogous result may also occur in respect of the private general insurance corporation and the tax to be levied where a corporation has made an "ineligible investment". Pursuant to Section 63 of the Canadian and British Insurance Companies Act (R.S.C., 1970, Chap. I-15) an insurance company is obliged to invest in securities that would otherwise be considered as "ineligible" for the purpose of the proposed legislation. In this respect the proposed legislation is therefore possibly in conflict with and inconsistent with, another federal statute known as the Canadian and British Insurance Companies Act (R.S.C., 1970, Chap. I-15). A similar result will also prevail in respect of the various Provincial acts.

Your Committee recommends that special provisions be introduced to alleviate the position of those private corporations which cannot take advantage of "refundable tax" by reason of any conflicting or inconsistent statutory law governing their conduct.

Similarly, that special provisions be introduced to provide that in the case of a private general insurance corporation, compliance with the investment requirements of governing federal or provincial legislation shall not constitute "ineligible investments".

Respectfully submitted,

Salter A. Hayden,

Chairman.

THE SENATE

Wednesday, December 1, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of list of the Directors and Executive Officers of the Canada Development Corporation.

He said: Honourable senators, later this afternoon I will table the Proposals for Agreement between the United Kingdom and Rhodesia, which Senator O'Leary has asked for. At the same time I will give a brief explanation of the Government's position. The Secretary of State for External Affairs will be making a statement this afternoon in the House of Commons. I would prefer that his statement be made before I make mine.

BUSINESS OF THE SENATE

Hon. Leopold Langlois: Honourable senators, I would ask that the house agree to proceed now with item No. 2 on the Order Paper and then revert to the agenda as it has been drafted. Senator Welch, who would normally be proceeding first today, has been informed of this proposed change and is in agreement.

The Hon. the Speaker: Honourable senators, is it agreed that we proceed as requested by Senator Langlois?

Hon. Senators: Agreed.

TAX REFORM

CONSIDERATION OF PRELIMINARY REPORT NO. 2 OF BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM LEGISLATION—DEBATE ADJOURNED

Leave having been given to proceed to Order No. 2:

The Senate proceeded to consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of the 1971 Tax Reform Legislation, tabled in the Senate on November 30, 1971.

Hon. Salter A. Hayden: Honourable senators, first I wish to thank Senator Welch for giving me the opportunity to proceed at this time. I hope my speech comes out all right. I may be like the fellow who when he plays the bugle blows it in very well but sometimes it does not come out so well. However, I shall do the best I can in discussing Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce, which was tabled last night.

It will be recalled that the first report of the committee on the tax reform legislation, 1971 contained an account of events and submissions up to October 27. We continued to hear submissions until November 10, on which date we terminated our hearings. Preliminary Report No. 2 deals with the points raised during that period and which we regard as important. There were not too many, the most important being the submission by the pulp and paper industry with which I shall deal a little later.

• (1410)

I should like first to deal with the item in our second report headed Tax-Exempt Non-Resident Investors. I have identified it with the name of the company which made those submissions, the Teachers Insurance and Annuity Association of America, which at the present time is located in the United States. The company was originally established by Carnegie, and I estimate their total assets at this time to be in excess of $2 billion. The company has been doing business in Canada since 1963, and their assets in this country amount to approximately $120 million.

In the United States the company enjoys the position of being tax exempt, but in Canada since 1963, by virtue of the provisions in our Income Tax Act, the company has been exempt from payment of withholding tax on the movement of dividends representing interest received by the non-resident corporation in the United States.

To assist honourable senators, I should explain the history of that incorporation. Its purpose was to provide a vehicle and the money to underwrite, or provide and support, pension plans, to provide funds for the establishment of pensions for teachers and university professors, and for the assistance of universities in setting up and operating such pension plans.

In 1963, the then Minister of Finance caused an amendment of the Income Tax Act under which, in certain circumstances, a certificate of exemption from withholding tax might be issued to companies operating in Canada in a certain way.

I should explain that this company—there are other instances also where this applies—deals in debt securities, and therefore the assets involved are interest payments. As I have already mentioned, the company is tax exempt in the United States. In 1963 the then Minister of Finance, the Honourable Walter Gordon, decided that it was of importance to Canada that the operations of this company be carried on in Canada, because it operated in the field of acquisition of debt securities and was a substantial purchaser of Canadian bonds. The explanation given by Mr. Gordon, when introducing his amendment to the Income Tax Act in 1963, is very interesting. As a matter of fact, I read Senate *Hansard* of that period, and discovered that it was I who explained that bill in this house. Mr. Gordon, at that time, said:

> The purpose of this resolution is, of course, to make it easier or make it more desirable for pension funds in other countries to invest in Canadian bonds. As we all know, we are primarily interested in and thinking about the inflow of capital: certainly, in totals and magnitudes, we are primarily interested in the sale of Canadian bonds abroad rather than Canadian equities.

Those are the key words.

This company, in its operations in Canada, and similarly with respect to its operations in the United States, is not in the field of the acquisition of venture securities. In Canada this company holds approximately $40 million in Canadian Government bonds, and it has financed many enterprises in Canada in a manner different from the ordinary in the field of financing. For instance, it financed the fuel system installation at Malton, as well as quite a number of other ventures.

What is unique about this company's enterprises is that they are not approached from the point of view of creating something, and providing money in relation to marketable securities. Their interest is income and security—an assurance of continued income and security. Therefore, in all their ventures in Canada this has been their *modus operandi*. They have taken no steps to create a market for the securities. In other words, they receive the interest income, and the interest income provides the basis upon which they may do their financing. They are not subject to any tax in the United States, and in the period since 1963 they have not been subject to tax in Canada.

This seems to fall into a pattern that has become emphasized over a number of years. You can understand why the then Minister of Finance was greatly interested in it even in 1963, and he took pains in his statement to point out that these operations by the non-resident in Canada, and the investment in Canada, did not relate to the acquisition of equities but only to debt securities.

This bill puts a limit on the period of time within which the present tax exemption will carry on, namely, until 1974. The financing which this company, and other companies of a like nature, have done in Canada has been on the basis of what their income is and what their charges are. Therefore, since they were tax exempt in Canada they made no provision in the rate which they charged to take care of having to pay a withholding tax which, in this instance, would be 15 per cent. We were informed that it would take longer than the period up to 1974 for this particular company with its holdings, although the security is good, to qualify for public issue. It would take much longer than that period in order to satisfy all the security commission requirements, and to build up an interest in the type of security which they have. It would seem that while they would propose to move out with this penalty of the 15 per cent withholding tax applying on and after 1974, they could not accomplish that within this period of time, and consequently they felt they were being subjected to an unjust penalty.

The committee feels, of course, that it is beneficial to Canada to have an inflow of capital which is in the form of debt securities, so that no question of non-residents acquiring control of Canadian industries in the sense of acquiring equities can arise. We have recommended, as you will note, that the exemption accorded to tax-exempt non-resident persons, under the present Income Tax Act, be continued in the proposed legislation. We think it is good for Canada. It provides an enlarged market for Canadian security issues, both government and otherwise. The feeling of the committee is that the circumstances which gave rise to the introduction of this amendment in 1963 exist just as strongly and as forcibly today, and on that point we feel that the law should be continued.

• (1420)

It takes this form. If under the income tax law in the country where the non-resident resides the company is tax-exempt, those circumstances are presented to Canada's Minister of Finance, who may issue a certificate of exemption from the withholding tax for so long as that position is enjoyed by this company in its home territory. The bill proposes to make some changes; the certificate in its present form, and based on the requirements now in the Income Tax Act, would run out in 1974. If this condition were to continue a company, to be entitled to a certificate, would have to meet the conditions in Canadian law entitling it to tax-exempt status. The company I have referred to does not meet those conditions.

I have stressed the purpose of the provisions of the act, the scope of the amendment, the position of the company, and the view of the committee that it is in the best interests of Canada that this situation be permitted to continue.

Hon. Mr. Beaubien: Would I be right in adding that the Teachers Insurance and Annuity Association is a non-profit corporation that devotes its income to higher education? Is that not what it is?

Hon. Mr. Hayden: That is right. It is a non-profit organization, and that is the basis on which it secured tax exemption in the United States.

There is an item in our report headed Mining and Petroleum, which deals with non-operators. The committee heard evidence on this aspect. Non-operators in the mining industry, for instance, would be persons who have engaged in exploration and development and at some point in time have passed on the resource, in whatever its stage of development at that time, to a group concerned with and interested in, and having the facilities for, providing the money to go ahead with the development of that operation. Usually in those circumstances the remuneration to the vendor would be by royalty payments on the basis of a percentage of the production profits, and so on. Over the years, and even now, under the income tax law these non-operators were entitled to a 25 per cent automatic depletion allowance. In other words, 25 per cent of their royalty income could be deducted before arriving at their taxable income.

The White Paper and Bill C-259 proposes to do away with automatic depletion in relation to both operators and non-operators, and this is to be effective in 1976. It is to be replaced by what is called earned depletion. In other words, for every $3 that you spend, you could earn $1. You could reduce your production income and profit by the amount of $1 for every $3 that you spend.

So far as the non-operator is concerned, he is unfortunate in that it is difficult for him to earn any depletion, because he has royalty income which arises out of his exploration and development, and as a result of his disposal of the properties to those who have carried on the development.

The operator, of course, is in a different position. He has operations and expenses which qualify as expenses for earned depletion. He has those and, therefore, to some

extent he can set off his expenses on the basis of $1 of earned depletion for every $3 that he spent. The non-operator is in a different position.

In addition to this, the non-operator has had a build-up of expenses in previous years before he parted with the property on a royalty income basis which, if he retained the property and made expenditures in connection with it, would qualify for earned depletion. He is going to be sitting there with his royalty income and no set-off, even though it may be in relation to commitments he made and property he acquired prior to the cut-off date of June 1971. He may have obligations and commitments that were made prior to June 1971, and he has no kind of set-off against which he can spend money and earn depletion.

The non-operators who appeared before us felt that they should have a longer time in which to run out this string. They have embarked on programs, and they have made commitments which will run out in 1976, but thereafter, because everything they earn will be taxable, they will not be in a position to take care of the projected liquidation, over a period of time, under the law as it existed when they made the commitment.

Therefore, we have recommended that the 25 per cent automatic depletion now allowed to non-operators in respect of income from a royalty or other similar interest in a resource property be continued for royalties received prior to 1981 in respect of interests which the taxpayer owned at June 18, 1971, or which he was obligated at that date to acquire.

These representations were made by quite responsible people who said that if they did not have this ability to acquire these write-offs, by way of depletion, over a longer period of time in relation to what they have done in the past, and before this change in the law takes place, they will suffer considerably and will not be able to continue exploration and development. The committee was impressed, and it has made this recommendation.

Honourable senators, I should next talk to you about deferred profit-sharing plans and pension plans. In the first report we developed the subject quite extensively. I gave what I thought was a reasonably full explanation of it when the report was presented, but I indicated that there was still one element about which we were thinking. That element is included in this report. It has to do with deferred profit-sharing plans and pension plans.

• (1430)

In such plans the attraction to the employee is the provision with respect to the lump sum payment that will come to him at some time. As long as those plans carried on in the fashion permitted under the present law, and as long as employees had the benefit of averaging provided in the act up to the present time, the employees were still paying their taxes on a reasonable basis as and when the lump sum payment came out. In other words, in the period that the plan or trust was operating, during which there was a build-up of the employees' interest in the fund, there was a tax deferral. But when the lump sum payment came out, then there were all the implications of tax levy, and on a lump sum payment that could very well be substantial.

Indeed, by way of example we were told of a woman who had contributed for 45 or 50 years to a plan. Although her position was not particularly remunerative, nevertheless, because of the length of time involved, her lump sum payment was very substantial. It amounted, when she finally became entitled to withdraw it, to $50,000. The point is that, if she had had to pay income tax on the basis of that lump sum in one year, it would have represented a very substantial penalty. Fortunately, some years ago—I believe in 1962—section 36 was put into the Income Tax Act which provided for an averaging. In other words, the average rate over your last three years of employment would be the rate applied rather than the rate in that one year based on a very substantial lump sum. In the example cited, the rate would have been fixed according to the average of the woman's last three years' income rather than being based on the lump sum of $50,000.

So these plans have gone along on this basis, and people have made their contributions and assumed their responsibilities. But in this bill the treatment in some of these cases is a bit difficult to understand. The bill provides for two forms of averaging: general averaging and forward averaging. General averaging is the kind of averaging in which you iron out what would be a very high rate in one year of substantial income and very low rates in other years of little or nominal income. In other words, the rate is arrived at by averaging over several years—five years or something in that order. Under the bill, general averaging is available to these plans in the future, subject to certain conditions.

The other kind of averaging I referred to is forward averaging. In forward averaging you take your withdrawal amounts of money in each year, and you apply them to the purchase of what are called forward-averaging annuities. The difficulty with this is that the reason for the employees' entering into the plans in the first place is dissipated, because the lump sum payment is dissipated in the acquisition of the forward-averaging annuities.

One way of escaping the tax is open, however, in that you may take the whole lump sum and purchase an annuity. In this way only the income element in the annuity would be taxable in each year and, therefore, the rate of tax would be very reasonable. Nevertheless, this defeats the purpose of the lump sum payment.

What the bill does say is that for the period to the end of December 1971, even though you are still in the plan after that period, you may assume that you have received your lump sum payment at that time and are entitled to apply the section 36 averaging provision, and that that is the extent of your tax liability in relation to that. But then in certain circumstances, if you elect to take the benefits of that provision which entitles you to use section 36, the other averaging provisions in the bill are not available to you.

We think that all the averaging provisions should be available, and if some person has elected in relation to a period before this bill passes into law to avoid a heavier penalty of tax under the bill, we recommend that because he has made that election he should not be debarred if he continues in the plan. We must remember that his election at that time, while he is still in the plan, is constructive in the sense that he has not actually taken his money out.

But when he does take his money out the calculation of his tax will be in part in relation to section 36, and in part in relation to whatever tax he may have to pay under the bill. Under this bill in those circumstances, if he has made an election, his tax would be very substantial in that it would be at the marginal rate since he would not have the benefit of general averaging or forward averaging.

In order to make absolutely clear the steps in this—and there are very few of them—I have created what I call a ladder. This is a constructive statement too. As it will take only a moment, perhaps I might read it:

> Single payments received out of a pension plan or a deferred profit sharing plan, under the present Income Tax Act are entitled to be averaged under section 36. The section 36 averaging is more generous than the forward averaging and general averaging which are to be available under the proposed legislation.

That is the first point. I come now to the second point:

> Single payments received out of a pension plan or a deferred profit sharing plan in a taxation year ending after 1971 and before 1974 are also to be entitled to section 36 averaging in their entirety. Your committee considers such treatment to be equitable.

The third point is:

> Single payments out of a pension plan or deferred profit sharing plan which are received in a taxation year ending after 1973 will be eligible for relatively generous averaging provisions presently afforded by section 36 of the Income Tax Act to the extent of amounts vested up to January 1, 1972.

That is a very important point.

> The proposed legislation would restrict the right to such averaging by providing that once a taxpayer has elected to utilize section 36 averaging in respect of amounts vested up to January 1, 1972, he is precluded from invoking the general and forward averaging provisions of the proposed legislation in the same year in respect of amounts vested after 1971. The amount available for section 36 averaging is thus limited to that portion of the lump sum payment which accrued up to January 1, 1972.
>
> It is apparent that as the benefits under pension and deferred profit sharing plans which vest after 1971 increase in relation to those which vested prior to 1972, the benefit afforded by section 36 averaging will decline in respect of lump sum payments received after 1973, until the point is reached when section 36 averaging will become unattractive.

By that I mean it will be unattractive because you cannot elect out of it any longer, and you will have a less attractive and less remunerative basis of general averaging and forward averaging.

• (1440)

As I explained the other day, the attraction of the lump sum payment has been terrific. We were told that 100,000 people are members of these plans, and perhaps there are more than that. When this money comes in a lump sum it enables a man to make his own provisions for security, pay off his mortgage, or do what he wishes with it. This is an amount of money which he has built into his lifetime of earnings, expecting that under the conditions of the existing Income Tax Act it would be available to him.

In addition to our recommendations in the first report, we are recommending that section 36 averaging should be available in respect of the portion of a lump sum payment received in a taxation year ending after 1973 out of a pension plan or deferred profit-sharing plan which the taxpayer would have received pursuant to such a plan if he had withdrawn therefrom on January 1, 1972, and also the general and forward averaging provisions of the proposed legislation should be available in respect of the portion of such payments which have vested after 1971.

In other words, when people spend a lifetime providing for their own security this should be recognized in the most tangible way possible. They should have the benefits of both worlds—the benefit of a world in which they embark on these commitments to create a situation by which they are entitled to withdraw from the plan, and the benefit of anything else projected in the bill during the period they are still in the plan.

The next item concerns what are called N.R.O. companies. N.R.O. companies are simply non-resident-owned investment corporations. For years we have had sections in the Income Tax Act which have provided for non-resident-owned investment corporations, and they have been subject to a special 15 per cent rate of tax. On payment by such a company of 15 per cent on its profits the proceeds on distribution to the non-resident do not attract withholding tax. In other words, this 15 per cent is in lieu of withholding tax. You may ask what are the benefits to Canada? When I was explaining the first report, I said that we were looking at the various points in the bill on the basis of people and employment. This touches directly on that point, because by making these provisions apply to N.R.O. companies we have provided a basis upon which a non-resident can bring capital into Canada, and invest a quite substantial portion of it in debt securities producing interest income.

The requirement under the present law was that 95 per cent of the voting shares of an N.R.O. company must be beneficially owned by non-residents. The bill proposes to make that requirement 100 per cent. That does not create any particular hardship. As we were informed in committee, the net result of this is that very substantial amounts of capital have been attracted to Canada from other areas of the world. Non-residents from other parts of the world, and all not necessarily from the same country, can group together and invest their money in corporate form. Under our income tax law the benefits afforded such N.R.O. companies can be equated to the benefits afforded a non-resident individual who invests in Canada. It is not of greater benefit or advantage to take the corporate structure from the point of view of tax, but it is from the point of view of operation.

This matter was developed in the White Paper. In the Summary of 1971 Tax Reform Legislation the Government said that it was their intention to equate the position of N.R.O. companies with that of non-resident individuals as far as the incidence of tax was concerned. At the bottom of page 58 under the heading "Non-Resident-Owned Investment Corporations" it reads:

> The special tax treatment for non-resident-owned investment corporations (NRO's) is continued in the new bill.
>
> Once the new system is fully operative in 1976, it will provide for:
>
> —a 25 per cent tax on the income of the NRO, including capital gains that are taxable to non-residents, but excluding other gains; the tax paid (including only one-half of the tax on capital gains) will be refunded to the corporation when the earnings are distributed; and normal withholding tax on dividends paid—
>
> Until 1976 the rate of tax on income will stay at 15 per cent and the new ownership rules will not apply.

The bill proposes that the withholding tax be increased from 15 per cent to 25 per cent. In cases where tax treaties are negotiated you would still receive the 15 per cent benefit. The language in the bill is significant. They have not equated the position of an N.R.O. company to that of a non-resident individual. Yet the language here seems very clear—a 25 per cent tax on the income of the N.R.O., including capital gains that are taxable to non-residents. There are certain types of capital gains that are taxable under the bill to non-residents. If a non-resident makes a capital gain in what is called a taxable Canadian property, that gain is taxable to him as an individual; but if he makes a gain on property which is not taxable Canadian property, then that gain is not subject to tax in his hands as an individual. What this bill proposes so far as N.R.O. companies are concerned is that capital gains realized by an N.R.O. company on the disposition of capital property other than taxable Canadian property will be subject to Canadian non-resident withholding tax when ultimately distributed by way of dividends to the N.R.O.'s non-resident shareholder. This is a complete about face between the position of a non-resident individual and the position of the N.R.O. company.

In the Preliminary Report No. 2, under the heading "Non-Resident-Owned Investment Corporations", the committee states:

> This treatment is clearly anomalous and the proposed legislation should be amended to provide that any net gains realized on the disposition of non-Canadian property should form part of an N.R.O.'s "capital gains dividend account"—

• (1450)

It must be borne in mind that in committee we had a few lectures on this subject. It is proposed that capital gains dividend accounts be established within these companies. To the extent that capital gains occur which are either not subject to capital gains tax, or which have borne their share of capital gains tax, those dividends might thereafter be distributed out of that capital gains account without any further tax. This aspect was either overlooked or not recognized. I do not know the reason, but here the N.R.O. company would be subject to a tax to which a non-resident individual would not be subject. It is really a negation of the description of the intent of the legislation which we find in the summary I just read to you.

In other aspects the result could be double taxation. For instance, paragraph 2 of this section of the report states:

> Any capital gain realized by a non-resident on the disposition of shares of an N.R.O. (including a gain arising on death) will be subject to Canadian income tax under the proposed legislation. This treatment is inequitable as it could result in double taxation or in the taxation of amounts which should not attract Canadian income tax.

These are areas in which we recommend that there should be correction. A more thorough development of this subject is contained in the report; I am simply highlighting, which I consider to be all I should do at this time. Our recommendation is:

> that further consideration be given to the provisions of the proposed legislation relating to non-resident-owned investment corporations and appropriate amendments be made to ensure that there is neutrality—

We have adopted that word because it seems to be a favourite of the writers of the Summary and the White Paper. They refer to "neutrality of tax treatment."

Hon. Mr. Flynn: You have also used the word "similarity", have you not?

Hon. Mr. Hayden: Yes, we have inserted the word "similarity" in brackets to translate it into ordinary English. We recommend that:

> —appropriate amendments be made to ensure that there is neutrality (similarity) of tax treatment as between non-residents who invest directly in Canada and those who choose to invest through the medium of a non-resident-owned investment corporation, particularly with respect to the treatment of capital gains.

That is the area in which I developed this subject.

There is no question involved in this, and it is not even suggested in the White Paper, the Summary, the legislation or in interviews, that this is a vehicle for tax avoidance or tax evasion. It is a legitimate manner in which to conduct business in corporate form rather than as an individual. The moment the Government affirms that the principle will be equality, whichever way it is elected to proceed, then the legislation should carry that out. All we are saying is that the legislation does not do that, and it should be amended to carry out the intent of those who brought it forward.

Representatives of the pulp and paper industry appeared before the committee with really substantial problems. They provided all the information we needed. It is a capital-intensive industry, and one of the largest employers of labour. Figures provided us showed that 156,400 persons were in the employ of that industry in Canada at or about the time those representations were made. There was an estimate as to the indirect employment in related fields. The estimate for such indirect employment in the mining industry was that for each man directly engaged there are six in various servicing industries. For the pulp and paper industry the estimate, on the basis of the 156,400 directly employed, is that as many as 99,000 or 100,000 persons are indirectly employed. Therefore we are discussing a large segment of employment

which can be provided by a healthy pulp and paper industry.

Many have ventured to define the difficulties as a result of which the pulp and paper industry is experiencing great financial problems. Some suggest that over-capacity may be one of the factors, but certainly a very substantial factor is the tax disadvantage to the Canadian pulp and paper industry vis-à-vis its competitors in the various countries of the world in which it has to market its products.

For instance, as is illustrated in the report, in the five years ending with 1969 the United States companies, competitors to Canada—and Canada exports many of these products to the United States—experienced an average tax of 34 per cent of income, taking into account both capital and income. Over the same period in Canada the comparable average was 49 per cent. In Sweden, which is a very substantial competitor, the current annual rate of corporate income tax is approximately 40 per cent, as compared with 51 per cent to 54 per cent in Canada.

Those circumstances illustrate a tremendous tax disadvantage. The question is what can be done? What is available to be done? We received suggestions from the industry itself, which we felt were not at all realistic in the sense that the corporate rate for this industry cannot be set at so many points less than the general corporate rate. In view of this, with the help of our experts, we evolved a group of suggestions which we incorporated in the report.

Just to emphasize again the deteriorating position of the industry, Canada's share of the production of woodpulp in 1950 was 28 per cent, and in 1970 it was 23 per cent. The United States' share in 1950 was 49 per cent, and in 1970 it was 53 per cent. Scandinavia, which is the third real competitor in the field, in 1950 produced 23 per cent, and in 1970, 24 per cent. In the newsprint field, Canada produced 72 per cent in 1950, and 58 per cent in 1970; the United States, 14 per cent in 1950, and 22 per cent in 1970; Scandinavia, 14 per cent in 1950, and 20 per cent in 1970.

• (1500)

The question was: In what way can we approach this matter in order to provide some benefit or relief? We finally evolved a plan which is contained in the report, bearing in mind the acknowledgements made in both the White Paper and the Summary. This has been quoted very often, but it is short, and I think I can quote it again from the report:

> At the risk of repeating itself, your Committee would again quote part of a statement made by the Government in the White Paper Proposals for Tax Reform.
>
> "6.9—. Going international is frequently necessary to enable Canadian companies to achieve the economies of scale which are otherwise denied them by the relatively small size of the Canadian domestic market. Such companies would find it hard to compete on the international scene if they were subject to more onerous taxes than those which apply to their competitors.—."

The committee, of course, concurred in that statement. Its problem was to work out an answer to it, and it came up with the suggestion that there should be what could be called "earned depreciation".

Honourable senators know that in the mining and petroleum industries there is what is called "earned depletion". Earned depreciation would work along similar lines. For an amount which one might spend in connection with machinery, equipment, et cetera, one could earn depreciation, which would be over and above capital cost allowances, and would be deductible from what might otherwise be one's production profits but which would not reduce those production profits for the purpose of determining capital cost allowances and other write-offs. It would be in addition to accelerated depreciation. In this way we could remain within the limit of the tax structure, and permit companies such as pulp and paper companies to have a greater cash flow by reason of the extra write-off. By so doing we would enable them to generate more substance in cash in order that they might be more competitive in export markets where they must do most of their business.

I omitted to explain that in the sphere of export markets the pulp and paper industry occupies either second or third place. I believe it is a contest between the mining industry and the pulp and paper industry. Which one is on top today and which one will be on top tomorrow, I cannot say. However, they are reasonably close. In 1970 exports of the pulp and paper industry represented 12.54 per cent of total Canadian domestic exports, which indicates that it is a substantial operation.

The committee has gone to some trouble to develop the idea of earned depreciation. The idea is not new. In 1970 I explained an amendment to the Income Tax Act concerning special depreciation, or write-offs, in respect of machinery for manufacturing and processing plants. At that time we provided a base for write-offs which would be 115 per cent of the cost instead of 100 per cent, the idea being that by providing a higher base a company would receive a more substantial write-off, and would thus be encouraged to expand and provide more employment. Therefore, there are precedents for doing the sort of thing recommended here.

The problems of the pulp and paper industry are compounded by reason of the requirements for pollution abatement, which involves heavy cost. The committee felt in respect to an industry as important to Canada as this, and with the problem of pollution being a national problem, some effort should be made to enable the industry to provide the money, and to do whatever is necessary to abate pollution and meet local objectives. The committee felt it is a national problem and has suggested various ways by which it might be dealt with, namely, by more substantial grants and by way of long-term loans. Such long-term loans might carry a provision under which in appropriate circumstances they would become interest-free for a period of time. Perhaps there could be continued or accelerated depreciation in order that such companies might have the funds to deal with this problem.

There was also the element of a logging tax credit. Under the provisions of the bill, the pulp and paper industry receives a tax credit in relation to the logging tax which it pays to those provinces which have such a tax—and there are only a few provinces. However, other prov-

inces levy what might be regarded as a logging tax, but which is not called a logging tax.

The committee felt that there should be some realistic approach to this matter. Its recommendation is that whatever the title of the levy, whether it is called a provincial logging tax or a tax based on the wooded acreage, if it is an obligation which a company must meet to a municipality or a province, the company should qualify for a tax credit.

This would provide reasonably substantial relief to the industry without robbing the various levels of government of revenue. In the opinion of the committee such a step is worthwhile if we are to realize the objective of attempting to re-establish as quickly as possible the pulp and paper industry on a sound basis.

We have said a good deal more in the report. It makes interesting reading, but I will not weary the house with further reference to it at this time.

There are two other points which I should like to mention. One is in relation to general insurance companies. Such companies appeared before the committee and explained some of their problems. General insurance companies are faced with two major problems. One is that many of them come within the description of small businesses. The bill contains limitations, restricting the investment of profits of small businesses to certain types of securities. However, the overall governing restriction on insurance companies is contained in the Canadian and British Insurance Companies Act, in which there appears to be a difference between what constitutes ineligibility to qualify as a small business, and those things with which a company must comply in order to be in good standing under the Canadian and British Insurance Companies Act. It is the feeling of the committee that some branches of government should get together.

• (1510)

This reminds me of what is sometimes seen happening on city streets where, after the installation of beautiful pavement, the Works Department comes along and digs it up to put in a new sewer, and when this has been done the gas company comes along and tears it up again. A little co-ordination in administration as between the essential requirements which govern the operation of insurance companies, and the definition of "ineligible investments" for purposes of the use to which one puts one's profits in a small business, should harmonize these problems. Surely, any investments which are allowable under the Canadian and British Insurance Companies Act are not of such a nature that they could impel or be considered a misdirection of funds in a small business operation.

The committee recommends that special provisions be introduced to provide that in the case of a private general insurance corporation, compliance with the investment requirements of governing federal or provincial legislation shall not constitute "ineligible investments".

The other aspect, of course, is the refundable tax for a private company. It will be remembered that a private company is subject to a 33 per cent tax on its earnings, and if it pays out a dividend the tax that is paid is refunded because the recipient then pays tax. Under the British and Canadian Insurance Companies Act a company can only pay out 75 per cent, and then the entitlement to the refundable tax does not qualify as an asset for these purposes. There is no way by which the bill presently deals with this situation in relation to these private general insurance companies so that they can get the full benefit of the refundable tax.

We feel that what is required is some harmony or some co-ordination between the two spheres of power. It should not be too difficult for the Department of Finance to get together with itself in its capacity as the author of the Income Tax Act and in its capacity as having the direction, through the Superintendent of Insurance, of the administration of the Canadian and British Insurance Companies Act. I do not believe that is asking too much, and our recommendation is that this is what should be done.

Honourable senators, I have taken much longer than I had intended. There is only one other comment I should like to make. I read the papers these days, and I guess you do too. We will present only one more report before we might expect the bill, if we are to get it at all, and that will be on technical amendments. We have compiled a list of areas where we feel it is obvious, from looking at both the draftsmanship and what was intended to be covered, that changes are necessary to make for a more intelligent administration of the provisions of the legislation. We were proposing to file that as our third report. It will be a guide for any person who is working on the redrafting of the bill, as and when we may get to that stage.

That will finish our work, and until such time as situations outside our control and outside this chamber are resolved, there will be nothing more that your committee can do. I am sure that the members of the committee are going to feel lost for a few days because they have really been tied to their desks by a determined chairman who decided that this thing had to be done before December. The second report is in. The next one is of a formal nature and we will present it next week. So we have met our deadline pretty well.

It has been tough, but co-operation has paid off. Where we are going from here I do not know at this moment. I have certain ideas, but they are not in a form in which I would care to express them. We shall just wait and see how events develop, and then take the guidance of our own good judgment in the light of those events.

Hon. Senators: Hear, hear.

Hon. David Walker: Honourable senators, with the permission of my leader I would like to say a few words. I understand that as of noon today, come hell or high water, this bill is going to be rammed through before the Christmas recess, so all the work that this committee has done to date will certainly be taken into consideration.

In a national newspaper chain a wonderful article appeared recently about the Senate and the value of its committees and their chairmen. However, one reference was omitted. There was no mention of the chairman who has just sat down, the dean of all our chairmen, the honourable Senator Hayden.

Hon. Senators: Hear, hear.

Hon. Mr. Walker: As a member of the committee and as a Tory talking about a Liberal—

Hon. Mr. Flynn: Who is the Tory and who is the Liberal?

Hon. Mr. Walker: —and as one who, in the field of law, has been in court with Senator Hayden and, it would seem, always as an opponent, I want to pay this tribute to him. I have never seen a group work as hard as this one worked both in season and out of season and on days when the Senate was not sitting as well as in the evenings. The result was a wonderful job. These two reports, the last of which was tabled today, speak for themselves.

Senator Hayden was not satisfied with just his own direction. He called upon the former Senator Lazarus Phillips for assistance, and he certainly made a great contribution. Senator Hayden also called in a Quebec tax lawyer, Albert Poissant, and the two top tax people in his firm of McCarthy and McCarthy. Even with all this talent, to try and explain this tax bill was a formidable task. How in the name of heaven is the public going to understand this bill if it goes through the way it is presently contemplated it will go through? It was a titanic job just to understand it, not to speak of making amendments to it. Expert witnesses were called from across Canada, and I am proud of the result that the senator has just tabled.

I do not often have a chance to congratulate anyone; I am always criticizing people. Senator Hayden should not be here today; he has been ill. Senator Hayden is a person who can bring, and I have noticed this over and over again, order out of legislative chaos. I have never seen anyone before who could so ably do this and who could dictate amendments to difficult legislation with the same ease in which you and I recite the Lord's Prayer. I have never seen anyone who has such a background, such a vast reservoir of knowledge and common sense to apply to a subject. He usually has a sound answer to difficult problems.

Finally, with all the business interests he has and with his standing at the bar and in the corporate world, I have never seen him allow that interest to interfere with his judgment on any particular problem, nor have I seen the fact that he is a Liberal interfere with his judgment. In fact, he has always appeared to me to be fair.

• (1520)

As but a modest member of the committee, and not an outstanding one, I can nevertheless appreciate the debt every one of us owes to the brilliant work of our chairman, culminating in this report today. The Senate owes him a great debt, and while he is here, in generally good health and well, I want to pay him this tribute. The Government also should be greatly obligated to him. Indeed, I understand the Department of Finance, even as of today, will be considering this report and trying to make use of it in the best way they can. The people of Canada are under a debt to the very distinguished dean of the Senate, and we ought to be very proud of the work he has done in the past and is continuing to do.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn: Honourable senators, if nobody else wishes to speak at this time I should like to make a few comments, after which I will suggest that we adjourn the debate.

My first comment is along the lines of the remarks made by my dear friend and colleague, Senator Walker. In recent years the Senate has been given a lot of praise for the work of its special committees and of its standing committees undertaking special assignments. I do not want to limit the list, but well deserved praise has been given to special committees of the Senate dealing with poverty, science policy, and growth, employment and price stability. These are only examples. However, on a very immediate and practical basis the Standing Committee of the Senate on Banking, Trade and Commerce has accomplished something that is even more important, and the praise showered on its chairman is well deserved. I have always been interested in the work of this committee for many reasons, because of its terms of reference, and especially because of the way in which its chairman has conducted its business. I join wholeheartedly in what has been said by Senator Walker about the chairman.

Emphasis should also be put on the fact that the work done on this so-called fiscal reform has been opportune and fully adequate. The consideration of fiscal reform is not a recently undertaken task; it has gone on since the Carter Report.

In order to give the Senate some perspective of what we are trying to accomplish in this respect, I have here the statutes of 1917. Chapter 28, "An Act to authorize the levying of a War Tax upon certain incomes", takes up 10 pages of the volume, including the forms. The bill that Parliament is now being invited to pass contains, excluding the regulations and forms, 707 pages. I realize that this total should be halved, because we now have a bilingual form of the bill. I want to be fair and not exaggerate, although sometimes I do despite trying not to. What has happened can be assessed by comparing the bill and the regulations with the act of 1917.

The idea behind this so-called fiscal reform is, of course, to achieve the principle of equality. In our examination of the so-called fiscal reform we have found that equality does not necessarily mean equity. I do not know how voluminous such legislation has been since the act of 1917, but it must be close to the present Bill C-259, and its purpose has been to achieve not necessarily equality but equity. It is not an easy task to throw away all the experience of those 50 or more years and try to achieve simple rules such as those contained in the 1917 act. I think at one time the idea of the Minister of Finance was merely a dream, an ideal. I hope he has discovered from the reaction to the White Paper, from the reports of both houses, and from the work of the appropriate committees of both houses, that there is a wide gap between what one would like to achieve and what ends up being possible for one to achieve.

To simplify and to elucidate, this has been the task and purpose of the Standing Senate Committee on Banking, Trade and Commerce, first in publishing its report on the White Paper, part of which has been taken into consideration by the Government and made Bill C-259 a much better bill than it otherwise would have been; secondly, representations made, not only by outside groups or interested parties but also by the Senate and its committees, have resulted in more than 150 amendments to the bill.

Now that the Standing Senate Committee on Banking, Trade and Commerce has tabled its first and second preliminary reports, there is this question to be asked:

what has the Government done about report No. 1, and what will it do about report No. 2? We all agree that all the recommendations in the reports have not the same importance, and may not be considered as having the same priority by the Minister of Finance or by the Government. However, it is very important to know, under the special circumstances which are facing the Senate with regard to the eventual adoption of Bill C-259, what the Government or the Minister of Finance, intend to do about it.

• (1530)

The second point I want to raise is a technical one. In this legislation, as in any other legislation, and perhaps more so, many points are left to the discretion of the Government.

In this second report, for instance, there are some regulations governing the mining and petroleum industries. Under the existing legislation, the tax treatment of this industry is contained essentially in the income tax regulations. The regulations are as voluminous—and it is time to use the word—as the bill itself. It now appears that this concept is to be carried forward in Bill C-259.

We made some recommendations in the second report as to what should be done about this industry in particular. The specific reference to this industry is made in clause 65 of the bill, page 155, where the following is set forth:

> 65. (1) There may be deducted in computing a taxpayer's income for a taxation year each such amount as an allowance in respect of an oil or gas well, mineral resource or timber limit, if any, as is allowed to the taxpayer by regulation.

And I find that at the present time it would apply also to the pulp and paper industry. Some of these proposed regulations, which affect the mining and the oil and gas industries, were issued by the Minister of Finance in August 1970, and again on July 6, 1971.

Although our Banking, Trade and Commerce Committee has spent considerable time discussing and evaluating these proposed regulations, we have not so far said anything about the principle of taxation by regulation with regard to this specific problem.

We have done this in other respects. We formed a joint committee of both houses to consider the regulations, but only after the regulations have been enacted—which is something entirely different—and not on a specific reference to proposed regulations for the mining and the oil and gas industries.

I wonder what the Senate feels about giving the Government the right to implement broad ranging tax legislation through the mechanism of regulations passed after the enactment of the bill and over which Parliament has no direct control, when considerable documentation can be provided to support the contention that the spirit and the intent of the proposed regulations pertaining to this bill have already changed, and may again change in the future, before the bill becomes law.

This is an important problem. The report recommends that 25 per cent be allowed by way of depletion, but if the Government decides tomorrow that it will be only 10 per cent, it can so decide without Parliament being consulted. Of course, we can criticize in the joint committee. There is here, in a matter as vital as taxation, a very important problem for the Senate. In any case, I am bringing it to the attention of the Senate for its consideration, before the bill comes to us.

The second point is this. What are we going to do if the Government does not accept the more important recommendations contained in our committee's two reports? I know what everyone has heard that the Government may decide to force the bill through the other place and send it to us by the end of next week. This would mean that we would have the bill for the last full week before Christmas. If nothing has been done about our recommendations and the bill is pushed through the House of Commons, it would not be fair to ask the Senate to rubber stamp the decision of the Government in this respect.

I am not indicating at all what the position will be, because it would be mere speculation, since the circumstances may change before the bill reaches us; but I would like every honourable senator to think about it. We have a very serious responsibility. We have a responsibility to the Canadian people, and we also have a responsibility to the institution to which we belong. I hope we will show in what respect we hold our responsibilities and obligations.

Under the circumstances, and because of the events that may take place today or tomorrow, if no one else wishes to speak now, I will move the adjournment of the debate. If the Leader of the Government wishes to make some comment, I will yield to him with the understanding that I may eventually adjourn the debate.

Hon. Paul Martin: Honourable senators, I rise not to discuss the matter in substance, nor to deal with some of the questions that I detect were implied in what the Leader of the Opposition said, but merely to do what the Minister of Finance has already publicly done, that is, to recognize the value of the examination and study made by the Standing Senate Committee on Banking, Trade and Commerce, under the chairmanship of Senator Hayden, prior to the Senate being seized legislatively with the bill now before the other house.

Senator Walker has said essentially what we all would wish to say, and what I had proposed to say at a later date, about the contribution made in this instance, as in so many other instances, by the chairman of the Banking, Trade and Commerce Committee.

Senator Hayden spoke today under considerable disability, because he has not been well. On that account, his performance today—as his performances on other occasions—was nothing but a very great achievement in itself.

• (1540)

The work of the Standing Senate Committee on Banking, Trade and Commerce in the examination of the White Paper was constructive and helpful, and its work up to the presentation of the first interim report was of an equally high order. I am sure that this particular report will bear the examination and study which the Minister of Finance and the Government will give it.

I want to say to Senator Hayden that his work in this chamber over a long period of time—longer now than of any other senator—has been distinguished. It has enabled him, as an expert in a particular field, to make a very special contribution, and I want him to know how grateful

all of us in the Senate are, and, more particularly, how grateful the Government is, for the attention he and members of that committee have given to this matter.

As I said at the outset, the Minister of Finance has already publicly acknowledged in the other place the committee study that has been made under the chairmanship of Senator Hayden. I want Senator Hayden to know that I concur earnestly and sincerely with what the Minister of Finance has said.

On motion of Hon. Mr. Flynn, debate adjourned.

UNITED NATIONS

TWENTY-SIXTH SESSION OF THE GENERAL ASSEMBLY—NOTICE OF INQUIRY

Hon. J. Campbell Haig: Honourable senators, with leave of the Senate and notwithstanding Rule 44(2), I give notice that tomorrow, Thursday, December 2, 1971, I will call the attention of the Senate to the Twenty-sixth Meeting of the General Assembly of the United Nations (1971), and in particular to the discussions and proceedings of the Assembly and the participation therein of the observers from the Parliament of Canada.

The Hon. the Speaker: Normally this would call for two days' notice, but honourable Senator Haig is giving one day's notice with leave. Is leave granted, honourable senators?

Hon. Senators: Agreed.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, although Senator Welch had first place on today's agenda, he was kind enough to give way so that Senator Hayden could make his report. I now propose that we revert to Inquiries to enable Senator Welch to make his indictment against the administration of which I happen to be a humble member.

Hon. Mr. Flynn: The agricultural expert.

AGRICULTURE

FEDERAL GOVERNMENT POLICY—DEBATE ADJOURNED

Leave having been granted to revert to Inquiries:

Hon. Frank C. Welch rose pursuant to notice:

> That he will call the attention of the Senate to certain shortcomings in the agricultural policy of the federal Government.

He said: Honourable senators, now that the great brains of the Senate have dealt for a short time with the tremendous tax bill, I wonder if we can get our minds back to the soil for a few minutes and talk about agriculture. It is not my intention to deal with agriculture as a whole. It is too vast a subject. I should prefer to wait until Bill C-176 comes before this house, if the Government ever has the courage to bring it forward. Today I would ask you to bear with me for a few moments, while I speak briefly about the apple industry and the apple market.

The once great Canadian apple industry is in deep trouble. It is in trouble because it is losing its markets. It has lost its export market, and is presently losing its home market, because the Government is indifferent to the problems of the industry. It is true that some of these problems have cropped up only recently. It is equally true that some of these troubles are of long-standing and that our Government has failed to help in any way.

Imports of concentrated apple juice from Mediterranean countries have been taking over our markets for years because they have been favoured by a policy of almost free entry. They have had an imposition of but a paltry 10 per cent duty.

Free entry of American apples into Canada has long been in effect, but there has been no reciprocal arrangement. In fact, there is now a duty of 21 cents per bushel on Canadian apples entering the United States. Last year we imported over one million bushels of apples from the United States, and we sold to the United States over one million bushels. Such a sale to the United States will be more difficult this year. Moreover, American apples are now underselling Canadian apples in Canadian markets.

Last year, when Canada was having all kinds of trouble disposing of its apple crop, the Government permitted free imports of apples and apple products from Australia, New Zealand, France, South Africa, China, and Japan. But none of these countries will accept Canadian apples. Surely this is a one-sided arrangement. Last year China shipped 1,239,000 pounds of canned apples to Canada; Japan shipped 1,042,000 pounds to Canada. These shipments pretty well took care of the western Canadian market, and even affected the eastern Canadian market.

The same situation applies to the market for Ontario apple juice. Of all the apple juice made in Ontario—and this will floor you—35 per cent is made from imported apple concentrate. This apple concentrate is reconstituted by adding seven and a half gallons of water to each gallon of concentrate. Sometimes there is a strong suspicion that even more water is added. This juice is imported from European countries where growers are heavily subsidized, and it is sold here at prices below our costs. It is shipped here—or should I say dumped on this market—by Austria, Greece, Hungary and Switzerland.

For years the apple grower in Canada has been selling apples for manufacture below cost of production. The Government is sitting by doing nothing while European countries are subsidizing their growers. It is allowing them to use our country as a dumping ground while, in the meantime, this once great industry is going bankrupt.

Honourable senators, if the apple industry is to survive in Canada and give employment to Canadians, then Government policies in respect of international trade in apples must be completely revised—that is, if Canada is interested in the apple industry.

I cannot understand why the Canadian Government should permit fresh apples or apple by-products to be shipped into Canada by Australia, New Zealand, South Africa, China, Japan, France, Bulgaria, Switzerland, Roumania and the United States, if, as is the case in the off-seasons of Australia, China, Japan, South Africa and Brazil, we cannot ship apples to them.

The apple season is the same in Canada and the United States. Although American apples come into Canada

duty-free and unhindered, if we wish to ship apples to the United States we must pay a duty of 21 cents per bushel. Thus it would appear that Canada uses apples and apple products at the bargaining table to say: "We allow you to ship apples and apple products to our country practically free, so you must allow us to ship textiles and other goods to you."

• (1550)

Many devious means are used to keep Canadian apples out of foreign markets and strengthen the agreement of the negotiators who would sacrifice the well-being of the apple industry for something with more volume, like textiles, Japanese toys, or Australian lamb. In the attempt to protect so many other industries, our experts surely point out to foreign countries how generous we are to competition where the fruit industry is concerned.

Ian Greenwood, General Manager of B.C. Tree Fruits Ltd., a growers' agency, which has really tried by every possible means to develop export markets, made this statement at the National Apple Conference held in Toronto last January:

> Many of the barriers (imposed against Canadian apples) seem to aid cut-price French apples.

He pointed out that the last time Canada made a significant shipment of apples to Brazil was in 1967-68. The following year the French came in with apples at $3.50 a package, delivered, subsidized under the European Common Market agriculture policy.

To meet that price the British Columbia company, which had been previously selling apples to Brazil, would not be able to pay the growers in that province anything for the fruit and, in addition, would lose $1.45 on transportation, packaging, selling, and storage costs.

In Venezuela, Mr. Greenwood said, the government introduced a system of import licenses and quotas several years ago which allows importers to dictate terms and prices and waive quality consideration. Only French apples get into this market. This market used to purchase 600,000 cases of apples from Canada annually and was an important market for Canadian exporters. Obviously France is subsidizing the movement of these apples.

In other Caribbean markets, French apples are selling at $2.50 or even $3.50 below Canadian prices. Such prices would be impossible without subsidies on both products and freight. Canadian apples are prohibited from entering many possible importing countries on flimsy pretences that would not stand examination. Canada could also adopt such pretences against the importation of fruit from other countries if the Government wished to do it.

Japan bans fruit imports from countries where codling moth exists, but reliable sources claim that Japan already has codling moth. Australia bans Canadian apples because of fire-blight, and refuses to accept research evidence that this disease cannot be transmitted on fresh fruit. Since 1966 South Africa has prohibited the entry of any fruit suspected of being infested with mites or mite eggs. Since Canadian apples had previously been imported into South Africa for 50 years, and since red mites do exist in South African orchards, this barrier is obviously a pretext to protect South African producers.

At the National Apple Conference it was pointed out that we do not seem to have any greater right in our own country's markets than Australia, France, Japan, or even the People's Republic of China. How can the Canadian grower be expected to compete with a country that produces on non-capitalistic principles and will sell at any price for hard currency? It was argued that if, because of foreign political policies, we cannot sell our products in other countries, then the Canadian Government should provide necessary protection to allow us at least our own domestic market.

The apple industry is quickly going down the drain. Employment is falling off. Orchards which once brought thousands of dollars to this country are now being neglected. Trade is being lost, yet the Canadian Government is not making a move to help. By this I mean it is doing nothing to help save this once great industry. Yet the Government is pouring millions of dollars into just about every other industry to provide dubious jobs. It is a policy of dropping the bone for the shadow, of neglecting something real while reaching out to grasp the unsubstantial schemes of promoters.

Honourable senators, let us consider how differently the Department of Regional Economic Expansion, under the Honourable Jean Marchand, operates in its attempts to keep the manufacturing industry healthy. A recent communiqué gives a long list of outright grants of the taxpayers' money to assist in the establishment or expansion of industrial projects, including grants of up to $5,000 for each new job created. It would be much cheaper to provide jobs in agriculture. Government planners should do some rethinking.

The list I refer to starts out with an incentive grant of $216,000 to assist in the establishment of a new footwear plant in Ontario, a modest $2,000 for each new job created.

Another grant is very interesting since it concerns a knitwear promotion in Quebec, and involves the creation of 167 new jobs. I describe the grant of $403,000 to Stage Seven Knitwear of Canada Ltd. as interesting because the textile industry in Canada has many features in common with the fruit industry, particularly in the area of competition from foreign countries where wage rates are low.

Consider this grant in the light of a statement made on October 29, according to a CP despatch, by Howard A. Pippy of Elmira, Ontario, President of the Knitters' Association of Canada. He told the Association's 56th Annual Meeting that the current Canadian knit boom appeared to be limited because of the imports pouring in from more directions than there are winds. I might add that this is a perfect description of the situation in the Canadian apple industry.

Mr. Pippy went on to say that he hoped the federal Government would develop global quotas to bring all low cost imports of textiles and clothing under control. "At stake," he said, "are 95,000 primary textile industry jobs".

So the knitwear industry is in the same position as the apple industry, yet here the Government makes it a grant of $403,000 to finance expansion, and to create 167 new jobs which will not last long, if Mr. Pippy is on the right

track, unless the Government can drastically control imports. Surely this is a striking parallel.

A few pages further in the list is an account of a grant to a fabricating metals plant in Moncton, which is for a generous 20 per cent of the alleged capital cost plus $5,000 for each new job created, with no reservations apparently as to how long these jobs must last. It is a long list, with many of the grants inviting scrutiny and criticism, but the final one I mention is really good. It is a grant of $58,000 to a company in Sherbrooke, Quebec, to modernize its carbonated beverage plant. The project will create an estimated two new jobs. Surely, if there is one product that we can well do without it must be carbonated beverage. Apple juice would be a much more healthy drink and, as for creation of new jobs, much less money spent to support the fruit industry would pay off in far more jobs.

I also note that Canada Packers has received several thousands of dollars under this incentive plan, but they state there will be no new jobs. So Canada Packers takes a piece of the cake too but offers no jobs in return. Enough of this waste of money; let's get back to the fruit market—or should I say lack of market.

Canada produces 21,440,000 bushels of apples per year. In 1965 we shipped to the United Kingdom 1,181,800 bushels which amounted to 28 per cent of United Kingdom imports, but each year since 1965 the quota has dropped so that last year we shipped only 412,801 bushels, or 8 per cent of their total imports. In 1965 France exported to the United Kingdom 429,000 bushels, or 10 per cent of their imports. But last year France shipped 2,730,667 bushels to the United Kingdom, or 54 per cent of their total imports.

• (1600)

It should also be noted that the period of time for our marketing opportunities in the United Kingdom tends to diminish each year. In July and August 1969, over one million cartons of Australian apples remained to be sold in the United Kingdom. Last August the dock strike in the United Kingdom resulted in the diversion of over one million boxes of Australian apples to continental ports. Later these were returned to England and sold in competition with early English apples. The consequent over-supply situation, and the heavy losses taken by importers, have dampened United Kingdom importers' interest in Canadian apples. The entry of South African apples is earlier each year, and it is now the month of February. This restricts the sale of Canadian apples late in the season.

The freeing of the Canadian dollar had an adverse effect on all export markets, particularly the United Kingdom. This development, along with an increase in Atlantic freight rates, resulted in increased costs on Canadian apples, even when quoted at last year's prices. Transcontinental rail rates, which mostly affect British Columbia, have increased 30.5 per cent in the last five years, and Atlantic ocean freight rates affecting all provinces have increased by 15 per cent in the last five years.

Honourable senators, in 1963 Canada imported 70,885 bushels of apples, from Australia, New Zealand, and South Africa. But in 1970 Canada imported 367,672 bushels from the same countries. Do not forget that Canadian apples are not allowed in any of the three countries named.

[Hon. Mr. Welch.]

Faced with declining outlets in the United Kingdom and the European markets, southern hemisphere countries are looking to North America as an alternative. Apples arriving from southern hemisphere countries are allowed free entry into Canada, without restriction. This is cause for grave concern. Volume arrivals, whether to Canada or the United States, can have a serious effect on the marketing of Canadian apples from controlled atmosphere storage.

Some form of reciprocal trading agreement is an urgent necessity. In the opinion of the Canadian apple industry, the Pacific area offers the best prospect for future marketing development. Japan is the country with the potential which our industry needs. With its 100 million people, Japan has the highest population density in the world. As an emerging superstate, with a gross national production second only to that of the United States and the Soviet Union, Japan has made one of the most remarkable economic recoveries ever recorded. Canada is the primary market for Japanese exports of mandarin oranges. Total shipments thus far this season, valued at $4.25 million, represent 4 million boxes of fruit. This is already in excess of the previous record established in 1969. The Japanese Trade Centre in Toronto has stated that Canadians consume more mandarin oranges than any other country outside Japan. The sale of this bumber crop to Canadians is fully supported by a Japanese Government-sponsored multi-media advertising campaign across our country. This sale of mandarin oranges and its intensive on-market home-government support is allowed in our country, and not a single pound of fresh fruit from Canada is accepted in return.

Japan desperately needs enormous quantities of our natural resources, and it continually seeks increased supplies. No world precedent is involved in our seeking export market assistance. New Zealand, Australia, and the United States are among the countries which are already actively exploring every facet of trade entry into Japan, with their efforts supported by their governments.

The Federal Task Force on Agriculture of December 1969 had little to say regarding the sale of apples. They did say we should look to the south for apple sales, and I suppose this means the United States of America. These men came into the valley in Nova Scotia where our apples are grown and talked to the deputy minister of agriculture for 20 minutes, as I understand from his own words, and then they say we should ship our apples to the United States. This is nonsense.

Over one-third of each annual Canadian apple crop is processed. In 1967 approximately 50,000 cases of solid pack apples were imported into Canada. Two short years later this figure had increased by 60 per cent to 80,000 cases. It should be noted that the impact of this import has resulted in the British Columbia apple processing industry ceasing production of this particular product. Solid pack apples from the People's Republic of China and Japan have virtually taken over the British Columbia market, and the import tide is rapidly encroaching eastward. Japanese solid pack apples are being offered to Nova Scotia at unrealistically low prices. The existing Canadian duty of .01 cent per pound of product is totally inadequate to serve the needs of the Canadian producer.

A supplementary statement by the Apple Committee of the Canadian Horticultural Council to the recent Agriculture Congress stated in part:

> —the importation of apple concentrate into Canada has reached such alarming proportions that in Ontario, for example, it is reliably estimated that at least 35 per cent of the "apple juice" sold is being made from this imported product.

Canada produces from 20 million to 24 million bushels of apples per year. Surely the Government will give this industry some consideration before it is too late. Other countries are taking our trade, mostly through Government support in one way or another. I suggest that a royal commission be set up to investigate the apple industry.

On motion of Hon. Mr. Hays, debate adjourned.

COMMONWEALTH AFFAIRS

PROPOSALS FOR AGREEMENT BETWEEN UNITED KINGDOM AND RHODESIA TABLED

Hon. Paul Martin: Honourable senators, I indicated earlier in the day that in answer to the request made by Senator O'Leary I would table copies of a booklet presented to the British Parliament by the Secretary of State for Foreign and Commonwealth Affairs setting forth the proposals for a settlement with Rhodesia. The Secretary of State for External Affairs has tabled this document in the other house. I may say that I had some doubt about the propriety, if that is the proper word, of tabling a document which is of direct concern to two governments and not to this Parliament. However, there can be no doubt as to Canada's interest and concern in this problem. Consequently, it has been decided that the document should be formally tabled, and I now table:

• (1610)

> Copies of a White Paper presented to the British Parliament by the Secretary of State for Foreign and Commonwealth Affairs, setting forth proposals for a settlement with Rhodesia. (English text).

Honourable senators, the United Kingdom government announced on November 24 certain proposals for a settlement of the constitutional position of Rhodesia, which include provisions on broadening the franchise, the composition of the legislature, reduction of racial discrimination, a development program, and a test of the acceptability of the proposed settlement through a commission appointed by the United Kingdom government.

The Canadian position has been one of advocating the rapid election of a government broadly representative of all people of Rhodesia. The proposed settlement falls short of that objective. The transitional period towards the attainment of majority rule is not specified in the proposed settlement, and the means of achieving it are extremely complex. This has left us with some concern as to how these arrangements may be implemented. Attainment of the ultimate goal appears dependent on a large element of good will and co-operation, qualities which have not always been present in the policies of the Rhodesian regime.

The Government is well aware that the white minority in Rhodesia is unwilling at present to yield power to the black majority, yet the capacity of the United Kingdom government to influence the situation is somewhat limited. United Nations sanctions have not secured a transfer of power. The alternative of a recourse to force has been dismissed by British governments of different parties.

The British Minister of State for Foreign and Commonwealth Affairs, Mr. Godber, was in Ottawa on November 27, and he conferred with the Secretary of State for External Affairs. Mr. Godber indicated that there were serious disadvantages in the continuation of the status quo. In the period of stalemate there had been political stagnation for the Rhodesian Africans, a drift toward apartheid, isolation from the outside world, and a distortion of economic and social development within Rhodesia. The British Government suggested that these were considerations in their recommendation of a new point of departure.

There may well be serious misgivings on the part of many African governments about these proposals. Their own experience is likely to lead them to recommend independence through majority rule. The Canadian Government strongly supports their advocacy of an end to racial discrimination in all forms, and the realization of full political rights for all Africans. This has been made clear on many occasions in the past at the United Nations, and at meetings of Commonwealth Prime Ministers. The position of Canada is well known.

The British proposals envisage an attempt to assess the views of the people of Rhodesia. A commission is being constituted by the British Government to assess the opinion of Africans in Rhodesia. In the past, the great majority of Africans in Rhodesia have had little opportunity to express their political views, and certainly not on complicated constitutional matters. There are physical limitations on the ability of the commission to carry out its mandate. It appears that the state of emergency will be maintained during the commission's deliberations. The African parties, such as ZAPU and ZANU, will apparently be unable to operate during the period of consultation.

It is the hope of the Canadian Government that irrespective of these limitations on the work of the commission, the commission will be able to ascertain the views of the Rhodesian Africans. We trust that the commission will report not only on the views communicated to it, but also on the adequacy of the consultation process.

We may believe that the proposals fall short of what is desirable but the judgment before the people of Rhodesia will be whether to go on as at present or to accept the new settlement that has been suggested.

Whatever is the outcome of the process of consultation, the Government of Canada and Canadians will continue to be concerned with the attainment of full democracy and social justice for all the people of Rhodesia.

Hon. M. Grattan O'Leary: Honourable senators, if the rules permit, I would like to offer a few observations on what has been said by the Leader of the Government. First I wish to thank him for his courtesy in tabling this document, which technically does not belong to the Parliament of Canada, but to those of Rhodesia and the United Kingdom.

He has spoken with great restraint and, I think, with great caution with respect to this document, and that is

understandable. Indeed, if I were a member of an administration which over the past two years has been led down the garden path by certain politicians in the United Kingdom, and the violation of its own charter by the United Nations Security Council, into the sanctimonious hypocrisy of using sanctions against Rhodesia, and interfering in the internal affairs of another state, I would not only be driven to caution, but to apology and silence.

I shall not go further at the present time and, indeed, will not say anything more until I have read this document. I do, however, serve notice—perhaps I should say warning—that I shall have certain observations to make with respect to the document. It is clearly a victory for Rhodesia, for Mr. Ian Smith, and a humiliating backdown by people such as Mr. Wilson and others in the United Kingdom. This remark applies also, I might say, to others in this country.

The observations I shall have to offer may not accord with the collective thought of my friends on this side of the house, but perhaps that is a good thing for this side of the house.

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, November 25, consideration of the report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, November 10, 1971.

Hon. Josie D. Quart: Honourable senators, may I add my name to the list of senators who, in glowing tribute, deplored the loss of two distinguished Canadians, Senator Walter Aseltine and Senator Arthur Roebuck. I extend my most heartfelt sympathy to the members of their families.

On a more joyous note, it gives me great pleasure to welcome the five new senators. Living up to their reputations, they will excel in their contributions to the debates of this chamber. It is with pardonable pride that I mention in particular Senator Renaude Lapointe, a Québécoise of outstanding ability. It is extremely rewarding for the feminine element in the Senate to welcome with open arms another lady senator.

Honourable senators, at last the long-awaited poverty report has been tabled in the Senate. Within hours the proposal for a guaranteed annual income became a controversial issue, not merely in the news media but also in Government circles. However, whether or not the recommendation for a guaranteed annual income is accepted by the Government, Senator Croll deserves our congratulations. Fully realizing, as a member of the Poverty committee, that expressions of appreciation may labour repetition, nevertheless it is pleasantly imperative that I add my congratulations to the deserving chorus of praise already extended to Senator Croll.

• (1620)

Senator Croll was the driving force behind the committee and deserves high marks for his indomitable courage in standing by his guns despite numerous trials and tribulations, not the least of which were provided by the four so-called renegades who broke their oath of secrecy by publishing an article in the June edition of *The Last Post*, using research material which was the property of the committee. Their widely-read article threatened the credibility of the committee's official report.

I regret the fact—and this might be due, perhaps, to my Irish temperament—that most members of the committee did not have an opportunity of meeting those four employees and of having a round-by-round confrontation with them, a real Irish donnybrook, before they resigned.

The Poverty report backs the concept of a guaranteed annual income, but according to recent statements of the Prime Minister, and of the Minister of Health and Welfare Mr. Munro, its implementation seems several years away, if ever.

There are numerous definitions of poverty. It has been said that economic privation alone does not adequately define the tragedy of poverty. An article in the *Evening Times and Globe*, published in Saint John, New Brunswick, on Tuesday, August 4, 1970 during the committee's hearings, defined poverty in the following imaginative way:

> What is poverty? Poverty for the recently released prisoner is no job to go to, no money to spend, no one to help. Poverty for the store owner is the threat of broken windows and the fear of talking. Poverty for a tenant is three weeks without water before the landlord has the plumbing fixed. Poverty for a little child is a bag of potato chips and a bottle of pop for dinner and supper. Poverty for the old person is watching your neighbourhood disintegrate before your eyes. Poverty for a family is porridge for every meal the last week before the welfare cheque arrives. Poverty for the policeman is having an opinion, not being free to express it, and being blamed for the whole mess. Poverty for some people is the inability to realize that all these things exist.

Who can claim to be an expert on poverty? Only the poor can tell us what it is like to live on handouts. The committee had referred to it, in almost every place it visited, the quotation from the Bible that the poor will always be with us.

The Senate committee, in focusing attention on the plight of the poor, has perhaps created an incentive for the underprivileged to organize. The committee has been accused of opening a can of worms by holding its meetings across Canada. So what? Be that as it may, the poor in Canada are no longer silent and weak. They have become vocal, and have begun to fight for what they believe to be their rights.

Unfortunately the poor do not always know what their rights are or where to apply for information. Central information bureaus are essential, therefore, in order that the poor will not be given the run-around.

At the present time there are over 350 poor people's organizations in Canada whose membership includes unemployed men and women, welfare recipients, deserted mothers and wives, citizens' groups, low-income groups, pressure groups, university graduates, the very young and the very old. Such groups are frequently referred to as "poor power". We can thank our stars that most of these protesting groups express their feelings in noisy demon-

strations and so far have not resorted to violence, even though their remarks are at times bitter and insulting.

What would happen if violence were to become the final resort of these "poor power" groups? The poor are now testing their power. What will happen if their protests are ignored? One shudders to think of what might happen, and one wonders what their reaction is to recent statements of the Prime Minister who was recently reported in the press as saying:

> All Canadian unemployed could find themselves short-term jobs if they were willing to do work which did not answer precisely to their hopes.

One wonders also what their reaction is to the statement of the Minister of National Health and Welfare, when commenting on the recommendation of the Poverty committee for a guaranteed annual income. I am quoting from page 9901 of the *House of Commons Debates* of November 25, 1971:

> "—that guaranteed annual income poses, to me at least, some very serious questions that have to be answered. I am not as sure as I once was that it is the panacea that many have claimed it is, and I think another look should be taken at it. One of the things we should look at is the effect it has on incentive. We should also look at the level at which the guaranteed annual income should be paid and whether or not we are just institutionalizing poverty.
>
> The advantages of such a proposal must be closely examined. One of the best ways to find out the answers to some of these questions is to undertake experimental projects. Many of the provinces agree with this. Provinces of all political complexions think that we should have experimental demonstration projects in the guaranteed annual income field and that over the course of the next year or so we might find concrete answers to some of these questions.

Senator Croll claims that the Government can always find money when they want to, and must do so in order to implement a guaranteed annual income. Personally I am not qualified to judge whether a guaranteed annual income is the answer, or whether the present welfare system should be revamped. However, one thing is certain: that with all the chorus of do's and don'ts, and "it should or it should not" be implemented, one is likely to become very confused.

Briefs were presented by many cities and municipalities stating that welfare costs had stretched their budgets to the edge of bankruptcy, that some cities and municipalities were being forced to choose between welfare payments, public schools, and other essential services. On the other hand, welfare recipients complain that they do not receive enough assistance to sustain a decent way of life. But those taxpayers who foot the welfare bill in this era of inflation and rising taxes claim it is all a question of dollars and cents, that the money must come from somewhere, and that we all know that it must eventually come from the already over-burdened taxpayers. Some businessmen are beginning to ask if it would not be a wise idea to have a "guaranteed annual customer" before they start getting too involved with the guaranteed annual income.

23351—99½

• (1630)

An editorial in the Montreal *Gazette* of September 8, 1970, stresses this point and I quote the last two paragraphs:

> What has yet to be recognized in Government is that the first condition for eliminating poverty is sustained real growth in the economy. Without it none of the measures that follow can succeed. Of what use is a program of slum clearance if the funds aren't available for it? Of what use are retraining programs for the chronically unemployed if there is no employment for their new skills?
>
> Real growth needs to be fuelled by massive and continuing infusions of capital. If that capital is taxed away growth is slowed. That's the direction to impoverishing the many, not enriching the few.

When the Minister of National Health and Welfare, Mr. Munro, poured cold water on the guaranteed annual income plan, his two reasons for not accepting it were the following: First, the cost to the taxpayer, and, secondly, that it might undermine the incentive to work. Mr. Munro was echoing a stand taken earlier by the Prime Minister.

But Senator Croll is a recognized authority on welfare and he knows all the answers. Besides, he is a fighting man to be reckoned with. And Senator Croll answers these objections with, "Of course the Government can afford a guaranteed annual income—of course they say they cannot afford it. Governments keep backing away from programs; they have done it for 40 years." The Prime Minister and Mr. Munro have not heard the last of Senator Croll's persuasive arguments.

The challenge is on, and the question is: Which side will win?

At this point I quote two paragraphs from a recent article on the Poverty report by Charles Lynch entitled "Will they Listen?"

> Will the ruling class, which in the Canadian context means the middle class majority, listen to the diagnosis of the senators? And, having listened, will they be willing to foot the increased bill, granting Senator Croll's point that the six billion dollars a year we put into welfare now is money down the drain?
>
> Or will they agree with Welfare Minister Munro that the Croll proposals would cost too much and might further undermine the incentive to work among Canadians? Much as reformer Munro would like to side with reformer Croll, political realities prevent him from doing so; it is at once a miracle and a tragedy that in Canada, the poor constitute a minority.

I am inclined to agree with Senator Macdonald, Senator Cook and Senator Sparrow that the present welfare system has not entirely outlived its usefulness. Many of the criticisms contained in the Poverty report are justified, but surely the present system could be revamped, for the time being, even if a new concept of welfare is necessary, and urgently needed. Since the federal Government will not implement the guaranteed annual income—at least not in the foreseeable future—then we are at an impasse, and the other alternative is to try to find ways and means to improve the present welfare structure.

I would like to quote here a paragraph from Senator Sparrow's speech on poverty:

> Another great problem arises with those who are prepared to take any type of job in order to get off welfare. There were many such individuals, who found that when they started work their welfare was reduced 100 per cent, dollar for dollar. However, the great sin in the system is that when they lose that job for any reason there is a time lag before welfare payments are restored. This period varies from area to area and province to province, from ten days to more than a month, because of the red tape involved in re-applying and being restored to the welfare role. If a welfare recipient were ambitious enough to obtain employment he would find that upon termination of that employment he would lose income for the length of that time lag. What type of incentive is there for those on welfare to obtain employment when they know that their total loss would amount to perhaps one month's income? There are not many in Canadian society who can afford to lose a month's income, but these people are expected to do so.

I ask: Why is it not possible to change our present welfare system whereby recipients could take part-time or full-time jobs and declare truthfully the salary earned to the welfare officer? The amount earned, in my opinion, should not be deducted from the welfare cheque. Let the persons receive welfare payments in addition to their salary for two or three months in order to pay their bills. Then, if the person is kept on the job, he or she could be taken off the welfare list. What a saving that would be to the taxpayer!

It is difficult to blame the poor for trying to find part-time employment to pay their bills and to hide this fact from the welfare officer, but if the poor person is caught "moonlighting", as I believe they call it, the welfare payments are cut off, perhaps for months. It is a vicious circle and something should be done to remedy it.

Mr. Ruben Baetz, Executive Director of the Canadian Welfare Council on Social Development, has some rough criticisms for the guaranteed annual income. He said the plan guaranteed "poverty" not "income", and he attacked the guaranteed annual income as worse than the existing system which, he said, at least tried to pay according to need.

In the Montreal *Gazette* of November 15, 1971, the Prime Minister was reported as stating:

> All Canadian unemployed could find themselves jobs if they were willing to accept work which did not answer precisely to their hopes. There are so many jobs which are not filled because on the one hand people live in a free society and thus nobody can force them to do anything, and on the other hand because various programs of social assistance are there to help them in case of need.

Perhaps that is true, but as Senator Cook reminded us, under the present system the unemployed and their families may be as well off in the long run on welfare payments.

Just what is the best way to help the poor? It is beyond denial that the obvious remedy for poverty is more money and more jobs. To strengthen my belief, I quote from the *Daily Gleaner* of Saint John:

> The best way to remedy poverty is to provide jobs for all who will work at them. And that can only be done by letting private enterprise be free, not handcuffed to government controllers. Standards of living are bound to rise in a sound economy based on lower taxes and business incentives.

• (1640)

Then there is this paragraph from the *Atlantic Herald:*

> One can't help but wonder whether the application of an equal effort and an equal amount of money to the provision of jobs across the nation might not solve the unemployment problem and in the long run reduce the welfare bill to tolerable levels.
>
> For provision of jobs in itself guarantees incomes. And if the hundreds of thousands of jobless could be provided with employment, it is a certainty that the numbers who would still require assistance would be reduced markedly, and the welfare roles would be cut dramatically. A switch in philosophy from welfare to jobs might well be worth considering.

As well as its Opportunity for Youth program, perhaps the Government should consider setting up a program for opportunities for the poor, to help the poor to help themselves. In this connection I am thinking of the Maison du Chômeur in Montreal, which is now a little more than a year old. It started out in a rented flat on St. James Street West. Now it has expanded to a group of stores centered in its own building. At first only unemployed men applied for jobs, but now there are about fifteen to twenty women who are working in a boutique, which is a basement that has been converted into a workshop. I understand that this is the first of its kind in North America. The dresses, coats, and suits that have been donated to the Maison du Chômeur are sold for as low as five cents each, so that women and men who cannot afford store prices can clothe themselves and their children. Maison du Chômeur, which has replaced charity for many jobless, is well worth watching.

In the *Gazette* today I read an article headed "Anti-poverty association holds open house in Verdun", which said:

> More than 10,000 welfare recipients in Verdun have a new place to take their queries about the city's often baffling welfare system.

It goes on to refer to legal aid, and says that even a doctor is co-operating with them.

Before concluding, I wish to express my best wishes to Senator Edgar Fournier for a complete recovery and a return to his usual good health. Senator Fournier was invaluable as deputy chairman of the committee, especially at our meetings in areas where French was essential to conduct the meeting. After Senator Fournier became ill, Senator Carter became Senator Croll's "good man Friday" in working on the report, and he was devotion itself.

Senator Michaud very kindly accompanied us to the Bathurst area and Tracadie, when three of the committee members went there and we needed someone to help out with the French.

Two members of our staff need special mention, Mr. Fred Joyce and Mr. Charles Askwith. No one could have shown more consideration to all members of the committee, and particularly to the three women senators. They were courtesy and efficiency personified.

All in all, it was a wonderful experience and a privilege to have been a member of the Poverty Committee.

I have seen and have been moved to tears by the many unfortunate human beings caught in the frustration and degradation of slum housing, hunger and the ravages of poverty, and at times it was difficult to go to sleep at night while spending many hours thinking of these poor people. I hope the many sacrifices that Senator Croll and the members of the committee have made in time and effort will not be in vain. The Government should not simply shelve the report but should give it the serious consideration and urgent priority it deserves.

On motion of Hon. Mr. Langlois, debate adjourned.

THE ECONOMY

ASPECTS OF ECONOMIC CLIMATE—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(Honourable Senator Smith).

Hon. Leopold Langlois: Honourable senators, I am requested by Senator Smith to say that when he adjourned this debate he did so in the hope that other senators might be interested in pursuing the discussion. As it now seems to Senator Smith that the debate has been exhausted, I ask that the item be removed from the Orders of the Day.

CANADIAN FILM INDUSTRY

FINANCING, DEVELOPMENT AND MARKETING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(Honourable Senator Langlois).

Hon. Mr. Langlois: Honourable senators, when I moved the adjournment of this debate I did so in the expectation that some other honourable senator would be interested in pursuing the discussion. It now seems that the debate has been exhausted, and I consequently ask that the item be removed from the Order Paper.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 2, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CONSTITUTION OF CANADA

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Gibson, Hogarth, Marchand (Kamloops-Cariboo), Prud'homme and De Bané have been substituted for those of Messrs. Dupras, LeBlanc (Rimouski), Smith (Northumberland-Miramichi), Stewart (Cochrane) and Laflamme on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Hon. Jacques Flynn: What is going on with that committee? I am really worried, honourable senators, about the frequent changes which are made in the representation of the other place on this joint committee. I will say that the work of the committee has not been helped by these frequent changes. Some members come in one day, make a decision on one question and vanish. Someone else joins the Committee the next day and takes another attitude. This results in real confusion. In my opinion we should protest these frequent changes.

Hon. Mrs. Quart: As a member of that committee, may I inform honourable senators that changes in committee memberships do not have to be approved by the House of Commons as they are in the Senate. They have three Whips and they simply arrange for the necessary changes, sometimes only 20 to 30 minutes before a committee meeting takes place.

I say with pardonable pride that the ten members of the Senate who are on the joint committee are always on time for the meetings and our attendance record is much better than that of the joint committee members from the other place.

The Hon. the Speaker: I have no doubt that the remarks of the Leader of the Opposition and of the honourable Senator Quart will be read as usual with the greatest interest by the members concerned in the other place.

RULES OF THE SENATE

SPEAKER'S RULING ON POINT OF ORDER RESERVED

The Hon. the Speaker: Honourable senators will recall that a point of order was raised last week by Senator Grosart. I was hoping to be able to give my ruling on it today, but I must postpone doing so until next week.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report of the committee, to which was referred Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1972, and asked that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of today and form part of the permanent record of this house.

The Hon. the Speaker: Honourable senators, is it agreed that this report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of today and form part of the permanent record of this house?

Hon. Senators: Agreed.

(*For text of report see Appendix pp. 1554-57.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Everett: Honourable senators, I move, seconded by Senator Kinnear, that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate, and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, December 7, 1971, at 8 o'clock in the evening.

At this stage I would inform the house that it is expected that on Tuesday evening we will consider Supplementary Estimates (A) for the fiscal year ending March 31, 1972.

Hon. Mr. Flynn: I am not too clear on this. I understand that the supplementary Estimates have been referred to the Standing Senate Committee on National Finance, so it is not a bill we will be dealing with.

Hon. Mr. Langlois: No, it is the report of the committee.

Motion agreed to.

UNITED NATIONS

TWENTY-SIXTH SESSION OF THE GENERAL ASSEMBLY

Hon. J. Campbell Haig rose pursuant to notice:

That he will call the attention of the Senate to the Twenty-sixth Meeting of the General Assembly of the United Nations (1971), and in particular to the discussions and proceedings of the Assembly and the par-

ticipation therein of the observers from the Parliament of Canada.

He said: Honourable senators, pursuant to notice given yesterday I wish to call the attention of this house to the Twenty-sixth Meeting of the General Assembly of the United Nations, 1971, during the week of October 25 to October 29.

It was my privilege to have been selected as one of the observers to this meeting, and I appreciated it very much.

This week was the most momentous in the 25 years of the United Nations by the introduction of the People's Republic of China as members of the Security Council and of the Assembly and the exclusion of Taiwan. This is the first time in the history of this association that a lifelong member has been excluded. The vote was held on Monday, October 25, and there was a violent eruption by certain of its members, as reported in the newspapers and news magazines. The reason for the passing of this resolution has not yet been exactly explained, but the effect is a change in the direction of the Assembly and the Security Council. It means that the great powers of Russia, Great Britain, and the United States will not be dominant factors in the work of the Assembly or the Security Council.

As explained by Senator Desruisseaux on November 25 last, the format of our attendance was similar to his. We were briefed every morning on the work coming up that day in the plenary session or in committees. Every morning we received also a précis of the preceding day's activities in each of the committees or the plenary session. This is not like our *Hansard*, but it gives the result of the work done by the committees or the General Assembly.

• (1410)

The staff of the Canadian mission to the United Nations is very efficient, well informed, courteous and knowledgeable. The councillors at the Canadian mission are allocated to different committees and the delegates or the councillors speak at the committee meetings.

I would here advise honourable senators, if they do not know it as yet, that the state is the member of the General Assembly, not the government. Regardless of the political nature of the government of the country, it is the state that is the member. When it is realized that the Assembly consists of 131 nations, large and small, each member having one vote, one can imagine the changes that are taking place in the world today.

In conclusion, I should like to compliment our Government for sending down observers from both the Senate and the other place. I would suggest that one week, or five working days, is not sufficient time in which to understand the nature and work of the United Nations. As observers we had a great insight into the work of this world body. The pace is hectic, very political—much worse than in this place—and I think it will be some time before we know the reason for the failure of the position taken by United States towards the admission of the People's Republic of China and the exclusion of Taiwan.

Again may I thank the Government for sending me to the United Nations as an observer for this week.

The Hon. the Speaker: Unless there is another honourable senator who would like to speak on this inquiry, it will now be considered as having been debated.

Hon. Paul Martin: Honourable senators, I cannot stress too much what the Leader of the Opposition (Hon. Mr. Flynn) mentioned to me a short while ago—the importance of senators who have indicated their intention to speak on a particular item being in the chamber. At the moment we are in a situation on two items where two senators who intend to speak are not present. In all probability they assumed that the item on which Senator Haig has just spoken would take a little longer than it has. Because of the absence of those who are to follow, our work is consequently being held up. So I may take possibly five minutes or so—in the hope that these senators will be apprised of the situation and be in the chamber—to say to Senator Haig that we are grateful for the report he has made about the General Assembly which he attended as an observer. We are grateful as well to Senator Desruisseaux for the report he made about ten days ago. He likewise attended the current General Assembly as an observer.

It may be recalled that at the first General Assembly of the United Nations—the first part of which was held in London in 1945 and the second part in New York in the fall of that year—the Canadian delegation was an all-party delegation. The Secretary of State for External Affairs, the then Prime Minister, was the head of the delegation. In addition to Mr. Mackenzie King and me as members of the ministry, there was the then Leader of the Progressive Conservative Party in the other place, Mr. John Bracken and Mr. Coldwell, Leader of the Co-Operative Commonwealth Confederation as full delegates.

In the second General Assembly Mr. Bracken—and I had no quarrel with this—took the view that other parties should not go as delegates, because this would put a restraint, he thought, on them. It would impair or restrict their right of criticism of government policy as enunciated at the Assembly of the United Nations.

Therefore, from 1947 on, there were no all-party delegations at the United Nations General Assembly.

This feature of only a government delegation at the General Assembly of the United Nations was followed in the case of Mr. Diefenbaker. Indeed, Mr. Pearson, the Leader of the Liberal Party at that time, concurred in the view that Mr. Bracken had taken in 1947 with regard to his party's role and status at subsequent meetings of the General Assembly.

Honourable senators, this does not mean that other parties have not contributed to the work of Canadian delegations, but it does mean that they contribute in another way. I think that those senators who go as observers—as well as members of the House of Commons who go as observers as opposed to being delegates—find their experience as observers a useful one. Some members of the House of Commons have gone as full delegates. There is no reason why senators could not go as full delegates. I have already suggested to my colleague, the Secretary of State for External Affairs, that he might find it possible to do what I was able to do in two instances.

It is good for us to have these reports from senators. The reports that we have had from Senator Haig and Senator Desruisseaux give us an opportunity to recognize that while the United Nations has its deficiencies it also has its great advantages and its great potential. We must

do all we can, in my judgment, to preserve the integrity and increase the potential use of the world security organization.

Now, honourable senators, I happily note that those senators who were going to carry on the business of the day are here. They have discharged their important public functions outside this chamber and they are now with us to discharge their functions here.

• (1420)

Hon. Jacques Flynn: I understand that it is expected that Senator Forsey will speak this afternoon. May I assure the Leader of the Government that the time has been well spent during the interval we have been waiting for Senator Forsey. It is to be noted that the record will be complete because of the history given by Senator Martin of our representation at the United Nations.

I should like to recall a suggestion I made some years ago to the effect that all members of both houses should have, by the institution of some kind of system, occasion to attend the meetings of the United Nations. Further to that I would suggest to the leader that this should now be considered by the Government. No one sitting in this house or the other place should be deprived of the valuable experience of being an observer for at least a week at these meetings of the United Nations. In fact, according to Senator Haig, two weeks would be more appropriate as one week would not be entirely sufficient.

Hon. Mr. Martin: I fully agree with you on that subject.

PENITENTIARIES

CENSORSHIP OF MAIL—QUESTION OF PRIVILEGE

Hon. Earl A. Hastings: Honourable senators, before the Orders of the Day are called, I should like to draw to the attention of the Senate a matter that certainly affects my privilege, if not the privilege of every senator. I find that I must again rise on a question of privilege pertaining to the matter of mail addressed to senators by inmates in our penitentiaries. This mail, allegedly privileged and confidential, is not to be subjected to the usual censorship practised by the Canadian Penitentiaries Service.

Yesterday I received a large envelope from Dorchester Penitentiary. It was mailed in Dorchester on November 30. I received it in the Senate on December 1. The envelope contained 13 sealed, individually addressed letters carrying the Government frank on the upper right-hand corner. They were all properly addressed to me and sealed; however, I found that these letters had been written to me between November 16 and November 28. In other words, these letters were held in the penitentiary for some unknown reason, although I have my suspicions about the reason. They were held between November 16 and November 30. That is an unnecessary delay and a breach of the privilege extended to the inmates and certainly to me. I suggest that the two letters written on November 16 could quite conceivably have contained important information or a request requiring my urgent attention. Yet, as a result of someone's actions within the penitentiary, I was precluded from receiving those letters until December 1.

[Hon. Mr. Martin.]

I bring this matter to the attention of the house and particularly of the Leader of the Government (Hon. Mr. Martin) in order to ask what right, title or authority penitentiary officials have for interfering with the free flow of mail to me from these inmates.

On a prior occasion I brought this matter to the attention of the Government. At that time I was assured that the regulations would be adhered to strictly. I should point out that those regulations take on an added significance in the light of our current inquiry into the parole system in Canada. These men must have, and we have promised them, access to their senators on a private and confidential basis, and therefore I appeal to the Government Leader to make certain that these letters and privileged mail either from inmates to their senators or from senators to inmates remain privileged and that no one interferes with the free flow of that mail.

Hon. Mr. Martin: Honourable senators, I shall certainly give the fullest consideration to what Senator Hastings has just said and I shall pass it on to my colleague for his immediate attention.

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(Honourable Senator Langlois).

Hon. Lorne Bonnell: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Bonnell do speak now in place of the honourable Senator Langlois?

Hon. Senators: Agreed.

Hon. Mr. Bonnell: Honourable senators, I should like first of all to thank you all for the welcome I was given on my entry into this chamber two weeks ago. It is a great honour and privilege for me to become a member of this house, and to be so warmly welcomed by such distinguished ladies and gentlemen. I should like to thank especially Senator Inman and Senator Philips for their kind references to me.

At this stage I would ask the indulgence of His Honour the Speaker in the event I should unwittingly contravene any of the rules of the Senate. I am sure all honourable senators will understand that for a new member it is quite difficult to learn all the rules immediately.

Honourable senators, speaking now to the subject under discussion, let me say that I believe that this great country, Canada, owes a debt of gratitude to Senator Croll and his committee for the tremendous job they have done in producing this report on poverty. I do not agree with all that is contained in the report, but that does not mean that the report itself is not the result of hard work on the part of the committee. One of its basic results is that the problem of poverty has been placed squarely before the Government and the people. It has caused them to realize

that poverty constitutes a major problem in this country. In fact, if Senator Croll and his committee did no more than that they would have made a huge contribution to Canada.

I think, after reading the report on poverty, that we really have not decided yet what poverty is. I notice that the terms of reference of the committee required it to define poverty. In the report I read many different opinions by the committee as to what other people thought poverty was all about, but I could not discover which the Senate committee adopted in reaching its conclusions. It is my contention that before a problem can be resolved it must be identified.

• (1430)

It is also suggested in the report that heretofore the Government of Canada has looked upon poverty as a symptom, but now it should be treated as a disease. After reading the report I came to the conclusion that the committee considered poverty as another symptom and still did not got down to the disease, because I could not find any definition of the causes of poverty. Unless we know what we are dealing with, and its causes, it is difficult to find a solution.

I sometimes think that the committee had a notion before it started its investigation that the answer to poverty was a guaranteed annual income and it attempted to prove this supposition. I am not convinced that the guaranteed annual income is the answer at this time. I believe that the basic problem facing Canada today with respect to poverty is to rejuvenate the economy. I believe we must control inflation and make sure that the unemployment rate is below 4 per cent. When these goals are achieved many of the problems related to poverty will solve themselves.

We will not be without poverty, so will need special consideration for it as such. Perhaps in the not-too-distant future—and it may be within this decade—a guaranteed annual income will become a necessity. I do not think, however, that it as such will cure poverty in this country.

A guaranteed annual income will cost the taxpayers of this country large sums of money, which I am not convinced the economy can afford at this time. I am also not convinced such funds could solve the problem even if we could afford them.

I can think of a young lady in my area with a family of three. She raised them well, but she was poor. They had a very happy home. She and her husband got along well together. The children seemed to receive a basic education, but they were always poor until finally, one lucky day in Ireland, her horse came in first and she won $55,000, so she had money in her hands. She did not, however, have the basic education and training to know what to do with it, and within a year she lost her husband to another woman. Within another year three of her sons became alcoholics, and the next year she was back on the welfare rolls looking for assistance from the government. Money was not an answer to her problems, and is not the answer to all problems.

I agree with the report in respect to the line used as a poverty line. This is certainly something that we should endeavour to accomplish. The income of all lower-income workers should be raised to the standard of a poverty line.

It is also my opinion that even with a guaranteed annual income many would have great additional needs. Another young lady in my area comes to mind. She was injured in a car accident and is a paraplegic, paralyzed from the waist down. To put her on a guaranteed annual income comparable to that paid to others who are well would not be fair. This young lady needs special wheelchairs, nursing care, medicine, and special this and that. In those respects the Canada Assistance Plan serves her much better than would a guaranteed annual income. Her special needs can be recognized under that plan.

I believe also that a guaranteed annual income, in spite of the views of some honourable senators, will tend to induce laziness. I do not think that a 70-30 split is sufficient to encourage people to work. At the present time senior citizens over 65 years of age receive a guaranteed income supplement, but this involves a 50-50 split of additional earnings. For every two dollars they earn they lose one from their pension. Many of these people refuse to work in the face of this loss of 50 per cent of their earnings, and continue to live on the guaranteed income supplement. Therefore, if we apply a 70-30 split, 30 cents for every dollar they earn, to this other group, I do not think there would be too much encouragement for them to work and continue to better their positions.

I believe this country and its successive governments since 1945 have made tremendous strides in the fight against poverty. I can remember when the health grants were established in 1948. Previous to that there was not too much in the way of health and welfare benefits in Canada. Since then we have instituted many programs, such as the Family Allowances and Youth Allowances. The Old Age Security Act, Old Age Assistance Act, the Unemployment Assistance Act, the Disabled Persons Act, the Blind Persons Act, the War Veterans Allowance Act, the Hospital Insurance and Diagnostic Services Act, the Medical Care Act, the Canada Assistance Plan, the Guaranteed Income Supplement, the Canada Pension Plan, and the new amendments to the Unemployment Insurance Act represent tremendous strides in the social and welfare program in this country. The amendments now put forward to the Income Tax Act provide for the payment of lower taxes by the lower income groups, which will be another boon to the economy of the poor and the working poor. I do not know whether it is a good thing to place a guaranteed annual income in the hands of the federal Government. I believe that the economy of the provinces and their rights in the field of health, welfare and education should remain with the provinces and should be administered by them.

• (1440)

Perhaps the best thing that the federal Government can do to assist the poor and eliminate poverty in this country is to enable faster and greater annual growth of our gross national product. We need an annual increase of somewhere in the vicinity of 5½ per cent to 7 per cent. I believe that we must do what we have done in the past few months with regard to unemployment. We must offer incentives for people to work by means of industrial loans to provinces and muncipalities to encourage the

implementation of both winter and summer work and provide year-round employment.

In order to do this we must lower the unemployment figures to below 4 per cent. The federal Government should consider providing greater support under the Canada Assistance Act. Under the present 50-50 arrangement, many of the have-not provinces cannot afford to take full advantage of the act. That is why there are so many poor, would-be poor, and working poor in some provinces. A greater amount of assistance should be made available to enable such provinces to participate to the fullest extent in the advantages of the Canada Assistance Act.

The federal Government might consider paying up to 75 per cent of the cost of welfare and assistance under the Canada Assistance Plan, and do more than they presently do for the have-not provinces.

There is no reason why welfare should be treated any differently from health. In the sphere of health the federal Government participates in hospital insurance, paying 25 per cent of the cost of the national average and 25 per cent of the cost of the provincial average. With the have-not provinces this works out to better than 50 or 60 per cent. For example, in Prince Edward Island approximately 70 per cent of the cost of medical care is paid by the federal Government. Over 60 per cent of the cost of hospital insurance is paid by the federal Government. The federal share is based on a formula whereby the national and provincial average is taken into consideration.

The federal Government should look at these matters as they affect the have-not provinces, and provide those provinces with some financial support to enable them to look after their poor.

The Canada Assistance Act should be expanded to take into consideration provincial day-care centres and homemaker services. Manpower training programs throughout the country should be expanded so that those on low incomes, and those who are handicapped or who have not been part of the labour force, can take part in them and fit themselves for some type of employment.

The housing program of the Central Mortgage and Housing Corporation has made tremendous strides in the past few years. The minister concerned must feel quite proud of what his department has done in the way of providing low rental housing and housing for senior citizens, and in providing other types of hostel care.

In Prince Edward Island we are encouraging people on low incomes to obtain their own homes by means of grants. If they have an income of less than $4,000, the provincial government will give them a grant of $4,000 to use as a down payment to CMHC on the purchase of a new home. Unless this housing program is continued and promoted, I do not believe that we shall be able to solve the problem of poverty.

The first thing needed by the poor is better housing, away from the ghettos and the slums to areas where the majority of people live, to enable them to mix and mingle with those with higher incomes. They need houses of which they need not feel ashamed, and into which their children can invite other children. Children who live in slum areas or in poor rural areas feel ashamed to invite other children into their homes. They feel a sense of inferiority when they meet other children. Expansion of the housing program is one of the greatest things that this country can do to discourage poverty.

The program undertaken by the federal Government this fall and last summer to provide work for young people should be continued through the winter months. It should be a 12-month program, and not be confined to any particular time of the year.

The Department of Regional Economic Expansion has done a good deal, and can do a great deal more, to combat poverty. Despite criticism of the department, some of the have-not provinces would have a lot more poverty were it not for the efforts of this department. In my province alone unemployment often runs as high as 15 per cent, but the unemployment figure this fall and so far this winter has been less than 3 per cent. This has been due to the department's program. This percentage is the lowest in the history of Prince Edward Island since Confederation. Much of it is due to the assistance given by DREE and by CMHC. Employment has been made available, and people have been provided with better homes and have a feeling of independence. They feel that they are as good as the next fellow.

• (1450)

I would suggest that the Canada Assistance Act should make provision that when people return to work they will not immediately lose their pension or welfare allowances. They should not be discouraged from returning to work. They should be allowed to continue drawing assistance under the Canada Assistance Act for three or four months after getting a job. This would give them time to become adjusted and pay some of their bills, and generally to become real citizens and contributors to the economy. For a while after returning to work they sometimes cannot afford transportation or even sufficient food to keep them going until their first pay cheque comes in. As a result they become discouraged and quit their jobs and go back on welfare. We need an incentive program under the Canada Assistance Act to encourage them to work.

I would like to think that the federal Government might do more by way of cost-sharing and rehabilitation programs; rehabilitation for people now on welfare as well as for those who might find themselves on the welfare roll if something is not done in the near future.

I am one of those who believe that no one understands the people of a community better than those who live in it. When welfare powers are placed with the central government, immediate contact is lost with the individuals who are eligible to receive welfare benefits. This is one reason why I believe this program should not be a federal one. It should be on a provincial basis so that the needy can get satisfaction without difficulty, without having to appeal to Ottawa.

I believe that in order to implement a program to deal with poverty you must see it, live it, and understand it. Then you try to find what can be done about it. The Special Senate Committee on Poverty has done a tremendous job. It has isolated many cases of need, pointed to many of the problems and difficulties, and recommended solutions to some of the problems, but I have not found in this report the real causes of poverty itself. I feel that

poverty is a welfare problem, a health problem, and an educational problem, the three being rather intermingled. It is difficult to find employment if you do not have a basic education or training in a specific area. It is difficult to find employment if you are handicapped or unhealthy. How you can separate health, welfare, and education is unknown to me.

The cost of health, welfare, and education is getting so astronomically high that taxpayers can no longer afford to expand these programs. Perhaps we should set up another Senate committee to look into the cost of medical care, of welfare, and of education, to determine whether the budgets for programs in these areas could not be brought into line with what the country can afford. If the cost for these programs continues to escalate we will find that rather than eliminating poverty we will be increasing the numbers on the welfare rolls. If some are too highly taxed, they may end up on welfare.

It seems to me that we need to consider the whole program of health, welfare, education and rehabilitation. We should aim at prevention rather than simply passing out cheques on a guaranteed annual income basis and hoping that the problem will disappear. I do not believe it will. I believe that the day is coming when a guaranteed annual income will become a necessity, but that will not wipe out poverty; it will only give the poor a bite to eat.

I got the impression from this report that the committee did not define "poverty", but instead came up with a poverty line and suggested a guaranteed annual income to bring individuals up to that line. Is this going to solve poverty? I do not believe it will. There are people in this country today who have a good income and yet they are poor because they do not know how to manage their money. Other people are so handicapped that they need a greater income in order to live with their problems. The answer for the future could be a guaranteed annual income, but at the present time the greatest need in this country in order of priorities—and we must look at priorities—is to get the economy rolling, to get unemployment figures down, to broaden the tax base, and to expand existing programs. We should look at the guaranteed annual income as a possibility for the future.

I believe we must maintain the economy of the provinces. The federal Government's contribution in this regard can be by way of research, by way of education, and by way of encouragement to the provinces to use the Canada Assistance Act to its full benefits. We should have special grants for the have-not provinces. Perhaps it could be set up on the same basis as health care is set up. I believe this would put the have-not provinces in a better position to serve the poor in their areas.

• (1500)

Hon. Mr. Martin: Honourable senators, I move the adjournment of the debate, and I take the opportunity to note that we have just heard a very good speech.

NATIONAL FINANCE

CONSIDERATION OF COMMITTEE REPORT—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday 18th November, 1971.—(Honourable Senator Langlois)

Hon. Eugene A. Forsey: Honourable senators—

The Hon. the Speaker: It is agreed that the honourable Senator Forsey may speak now instead of the honourable Senator Langlois?

Hon. Senators: Agreed.

[*Translation*]

Hon. Eugene A. Forsey: Honourable senators, I must first of all solicit the forbearance of the Senate for having somewhat disturbed the proper order of the day at the beginning of this afternoon's sitting. As a former professor of political science, I was perhaps a little over-interested in the proceedings in the other place and I apologize to honourable senators for my absence at that time.

I must add that, fortunately for me, Senator Bonnell was kind enough to precede me, so that there has not been too much inconvenience.

Honourable senators, I want to take advantage of this opportunity, the first I have had, to congratulate the new senators, or rather to congratulate the Government for appointing them and the Senate to which they will make a valuable contribution. All the new senators have experience in various fields and I should like to mention particularly the two who are personally known to me, Senator Goldenberg and Senator Buckwold.

Senator Goldenberg is a friend of 47 years standing. We were at college together—needless to say I have the utmost respect and affection for him. I must also add that he is himself a kind of walking Royal Commission. He has been a royal commissioner, I believe, not only for the federal Government but also, if I remember well, for all the provincial governments, except perhaps, Prince Edward Island. Senator Goldenberg is indeed a phenomenon: he is unique in Canada. I would even say that Senator Goldenberg is a walking encyclopedia. As Voltaire said of some minor prophet, whose name I have forgotten, Senator Goldenberg "can do anything". He is a most versatile man, in the English sense of the word, of course. I well know that, in French, the word "versatile" has a pejorative sense, but in English it has a completely different meaning, it is a great compliment. So, it is in the English sense that I am using that word with regard to Senator Goldenberg.

Senator Buckwold was a student of mine at McGill rather a long time ago. He is still young but he is a friend of many years, and I also offer him my most sincere congratulations. Senator Buckwold is an expert in municipal affairs and, considering the representations made by the municipalities to the Joint Committee on the Constitution of Canada, their requests to take part in federal-provincial discussions, for example, that appointment is also a very wise and very important one.

As for Senator Bonnell, we have just been shown an example of his qualities and of the contribution he will make to our debates.

Senator Lapointe, a renowned journalist, has succeeded our distinguished colleague of last year, Senator Cas-

grain, and suffice it to say that she is worthy of the succession.

We are anxiously waiting for Senator van Roggen's contribution to our proceedings. His skills as a jurist of high reputation will be most welcome.

Now, honourable senators, I should turn to the subject-matter of the debate. I apologize for having taken such a long time in congratulating the new senators and the Government, but this is the first opportunity I have had to do so.

On the report on Growth, Employment and Price Stability, I am the first to associate myself wholeheartedly with the honourable senators who have already spoken in this debate in congratulating Senator Everett and his colleagues of the committee.

I must congratulate Senator Everett himself for his masterly speech when the report was tabled in this house. I think the committee has accomplished an outstanding job and, within a very short time, a task of capital importance, exactly the kind of job that a Senate committee should do and can do better than anyone else.

Once again this report is ample proof of the usefulness of the Senate and its committees. I shall go further: the report is a masterpiece, a concise, thoughtful, balanced, realistic and, except for some small parts of it, a very sensible report. This is perhaps the rarest quality in public papers and statements by politicians. If one says "Well, this is a most sensible report", this may be taken as a rather dim and lukewarm compliment.

But, as far as I am concerned, that is not the case at all. This is one of the highest compliments that I could pay this report and its authors.

• (1510)

Indeed, the report is a masterpiece. Furthermore, it is written, at least the English version, in a clear and lively style. I regret to add—if I make these comments, it is with some modesty, because I am English and not French-speaking—but I must add that, in the French version, and I have read most of it carefully, in this French version—which is obviously a translation—some mistakes, not always too serious, are to be found and I think it is rather a pity. I am aware of the difficulties facing translators, and I dare suggest that, from now on, French-speaking senators who are appointed to our committees should examine carefully both versions so as to prevent misunderstandings which could arise from faulty translation.

By the way, I must add that in the proceedings of the Joint Committee on the Constitution, I have noticed the same deficiencies in translation, and this time in both versions because, for the most part, the interim report of the committee had first been drafted in French, and the English translation was often poor; but it was also true of the French translation and, from time to time, our French-speaking colleagues and myself have pointed out mistakes, not gross mistakes, but sometimes unfortunate ones just the same, which slightly distorted the exact meaning of the original.

I have noticed these few mistakes, and I believe that the French-speaking senators who are members of our committees could make a most valuable contribution by scrutinizing very closely—since they are all perfectly bilingual, since they have a true mastery of both languages—they could make a most useful contribution by scrutinizing both the English and French texts.

Well, I have been mentioning that by the way, but it is a problem. It is a problem which is often raised with regard to the government policy on bilingualism and I think it is worth pointing it out.

This report, in my opinion, should be closely considered by the Government, the organizations concerned such as the Bank of Canada, the Economic Council of Canada, Statistics Canada, et cetera, as well as by representatives of the business and labour worlds and the public at large, at least that part of the public which has an adequate grounding to appreciate the purport of several recommendations of the report.

As for myself, I approve almost all the recommendations. I would like to draw your attention to some of them, make comments on a few others, indicate the very few about which I disagree and perhaps raise some questions on doubtful points.

Now, the house having borne with my French long enough, I will continue in English.

[*English*]

Honourable senators, I have no doubt that there will be rejoicing among our French-speaking and English-speaking members that at last I have transferred my attention to my native tongue and that I shall therefore be more intelligible to all honourable senators than if I had continued in French.

Hon. Mr. Choquette: You were excellent.

Hon. Mr. Forsey: C'est la politesse du cœur.

I might add that I have read the bulk of the report in French and have only skimmed over the rest of it in English. This may invalidate some small parts of what I have to say but I think not in any great degree. Of course, I stand open to correction by any honourable senator if in any way I have failed to appreciate the force or meaning of certain of the recommendations, or if I criticize them without sufficient grounds, simply because I have not read them carefully enough or have not read both texts.

Honourable senators, I shall first call attention to one of the very few passages, or groups of passages, which I am inclined to regret, and whose presence in the report I find odd. These passages appear at pages 3, 4 and 5 of the report. I think the passages bear the same page numbers in both French and English versions.

Page 3 of the report refers to the evidence of Dr. Sprinkel and agrees with him that it is wise

> —to treat the size of the government sector of the economy as a distinct and important issue in its own right.

I am thoroughly in accord with that. Then, I quote again from the report:

> There is no need for them to suffer this embarrassment—

As the report explains, bringing this in in connection with inflation.

> —or to be tempted into making more of the threat of future inflation than the evidence really warrants.

Here is the nub of the passage:

> Proper control of the size of the government sector is a valid, respectable concern and a subject for public debate at all times.

I agree wholeheartedly with that also. Now, here comes something a little more doubtful, in my judgment:

> Indeed, given that large and complex government programs often take a long time to mount, substantially modify, or terminate, only such a continuing concern, independent to a considerable degree of the immediate economic weather outside, is likely to prove very effective in practice.

I think that is well enough, but this leads on to something that bothers me:

> Government spending programs, therefore, should continually have to justify their existence—

That also is well enough by itself, perhaps.

> —quite apart from the general setting of stabilization policies.

Yes. Then:

> The best possible evaluative and information-feedback systems should be built into them, and as soon as it becomes clear that they are not efficiently achieving the objectives specified for them by Parliament, they should be changed or ended.

Now here is something that really surprises and worries me:

> Moreover, there should be a constant search for governmental activities ripe—

I emphasize "ripe".

> —to be handed over to the private sector, and it should be a generally respected touchstone that there is never a good time in the economy for government to be doing things that could better be done by others. A modern government has quite enough to do that only it is capable of doing well—

By the way, that is one place where the French translation is a little bit imperfect, assuming that it is a French translation and that this is not a bad translation of an original French version, which I rather doubt. Then:

> —it should not, at any stage of the business cycle, be wasting its fiscal receipts and the nation's resources on non-essentials.

The thing that worries me there is this remark about governmental activities being "ripe to be handed over to the private sector." That phrase "governmental activities" in itself takes in a pretty wide sweep. I am not sure what it is intended to cover. If it is intended to refer, for example, to social services or social security, I can scarcely credit my senses, because I cannot see how in the world one can expect to have a substantial part of social services or social security now carried on by government, transferred to the private sector.

I can only assume that the members of the committee did not intend to have anything like that in there and did not have anything of the sort in mind. If it is intended to refer to business enterprises carried on by the Government, again I find myself uneasy. It seems to suggest that various enterprises which are sickly, or at all events puny infants, should be nourished with tender loving care by the Government until they show signs of being not merely able to stand on their own feet but being able to bring in substantial profits to private enterprise. For the life of me, I cannot see why this general principle should be adopted. It seems to me that this savours of the American dogmatism on economic subjects which is one of the noxious importations into this country from the United States. I am a firm pragmatist in these matters. I was brought up in the Conservative tradition of Disraeli and Sir John A. Macdonald.

• (1520)

Hon. Mr. Martin: Do not forget Mr. Meighen.

Hon. Mr. Forsey: And, if you like, Sir James Whitney and Sir Adam Beck. At that point I seem to hear echoes of one of the two speeches always pronounced in the other place by the late Tommy Church: "Sir James Whitney and Sir Adam Beck and the Ontario Hydro-Electric Commission power barons of the St. Lawrence." Oh, yes, he used to have one other speech also, about the "Canadian navy locked up in a garage in Halifax." Over and over again he would come back to this business of Sir James Whitney and Sir Adam Beck, the Ontario Hydro-Electric Commission and the power barons of the St. Lawrence. He rang the changes on that over and over again. That is merely a reminiscence en passant. I am getting perhaps into my anecdotage, as is sometimes said of people my age.

But that brings up a serious point. Here you have, for example, an enterprise like Polymer which has been exceedingly successful. It has brought in substantial sums to the public treasury. Every now and again you hear suggestions that now it is doing well, now that it is bringing in money to the Government, now that the hazards that might have attended it at its establishment are past, it should be handed over to the private sector. The same thing might conceivably be said about Air Canada. I do not say that the committee necessarily had these things in mind, but I regret very much they used language which seems to suggest that all the duds, all the deficit-producing enterprises, all of the things that had to be provided as public services but which private enterprise would not provide because there is no money in them, that all these things should be left to the Government. But the minute there is any sign of revenue coming out of it, oh, horror, shades of Karl Marx, red ruin and revolution! We must immediately hand these things over to private enterprise.

I do not suppose that any member of this committee really seriously suggests that Ontario Hydro or Hydro Québec or any other publicly-owned enterprises in electrical power should be, in fact, handed over to private enterprise. But I think it is unfortunate that this very sweeping statement, and this extraordinary adjective "ripe", should be in here. "Ripe" for the private sector. There they are: fruits, first of all, green and small and hardly worth looking at, and then, as they ripen, swell out and become rosy, attractive and juicy, then private enterprise comes along.

I wish I had with me some passages from a song written some years ago by Professor Davidson Ketchum of the University of Toronto on the subject of free enterprise. If I had them with me, or could trust my memory, I might

once again treat the Senate to one of the operatic performances which only senators of Newfoundland background have indulged in in this house—the late Senator Higgins and myself.

But I really think that this is exalting private enterprise and a doctrinaire notion of the primacy of private enterprise to an unfortunate degree. Furthermore, I cannot see why under the sun the committee dragged it in here by the scruff of the neck after saying this was a subject that ought to be considered on its own merits. Quite so. After saying that it does not need to be brought into this discussion, then suddenly the committee comes along and lugs the whole thing in and offers some sweeping *a priori,* theoretical pronouncements on this subject in terms so vague as to be rather alarming to those of us who feel certain that it is very valuable and useful, indeed necessary, for the Government to carry on—enterprises not necessarily of the nature of public services which have to be performed regardless of how costly they are and how unprofitable, but services which can actually bring in revenue to the Government of Canada, or to the government of the province, or for that matter to municipal governments.

So I regret very much that this, as it seems to me, dubious irrelevance has been imported into this otherwise masterly and extraordinarily sensible, well-balanced, temperate and pragmatic report.

Having said that by way of adverse criticism, I pass to pleasanter things. I am not going to weary the chamber by reiterating in inferior style what Senator Everett has said, and others have said, about this report. We had that masterly summary of its provisions from Senator Everett—really a speech that will live long in the memory of all who heard it, not only for its content but for the superb English and the organization and logic with which it was presented.

But there are a few points in the report which I want to say something about, even though it may be somewhat labouring the matter and merely underlining certain things that have already been said, and perhaps better said, by others.

All of us, I think, have been greatly disquieted by the fact that the Government's economic policy, since it engaged in the efforts to put a check upon inflation, has had the deplorable result of producing a very considerable amount of unemployment in this country. I am not saying that this was a deliberate intention of the Government. I am not saying that it is the Government's fault. But I think it is beyond question that the policy, for whatever reasons, has had this result. It has been a lamentable and indeed appalling result. I perhaps feel especially strongly about this because for many years—27 years, in fact—I was a trade union official. The problems of the unemployed, therefore, came home to me perhaps more closely than to some other honourable senators, not because I was more sympathetic, more enlightened, wiser, better, but simply because they were thrust at me day after day and my nose was rubbed in them and I kept hearing from people who were even more directly concerned with them than I was myself. Also, of course, like most honourable senators of my age or older, I remember the great depression and the appalling years when unemployment was at a level which, happily, it has never since reached and when thousands upon thousands of people who had regarded themselves as secure beyond peradventure found themselves without a means of livelihood and for a prolonged period. I feel very keenly, therefore, the very high rate of unemployment which has existed.

But on the other hand I have, as it were, a foot in the other camp: another interest of a rather special kind. I am now what is described in a certain document which I have in my pocket as a "senior citizen". The document in question adds rather unflatteringly, I think, that I am entitled to the child rate of fare on the Ottawa buses. I sometimes say that I possess an official certificate of second childhood. I trust that this is not too obvious in the remarks I am now making. At any rate, I am a senior citizen. I am an old-age pensioner. I am on pension from the Canadian Labour Congress. If I had no other means of support, if the Government in its kindness and benevolence and wisdom had not seen fit to summon me to this chamber, for example, and I had not been able to secure remunerative employment elsewhere—which is, I fear, only too possible—I could have found that my not-very-considerable income as a pensioner, whether of the Congress or of the public, was being seriously eaten into by inflation.

So the problem of inflation comes home to me directly too, or would come home very directly if I were not happy enough to be here, where I trust that I may succeed in coming somewhere near earning my keep. The size of pension that I have is, I fear, very much greater than the size of pension that most Canadians of my age would have. I should probably be rather lucky in comparison with the others. I shall not reveal to the chamber my financial affairs beyond saying that. Mine would not be a very large income, but would probably be vastly larger than most pensioners. It does seem to be a really serious matter that the incomes of pensioners and others on fixed incomes—many of them on very small fixed incomes—should be eaten into by inflation. So I have the very greatest sympathy with the Government in its battle against inflation, and I have often asked myself, with such recollections as I have of the economics that at any rate I used to know, exactly what alternative policy was available to the Government if it really wanted to check inflation; and I think it had really serious reasons for wanting to check inflation.

• (1530)

I have looked at other proposals and they have not seemed to me to be highly satisfactory; they have seemed to be very dubious. I have also watched, of course, as we all have, the alternation of stop and go both here and in Great Britain. It has obviously been much more extreme in its application there than here, but we have had some of it here also, and everybody, I think, would agree that this is a most unfortunate situation. Everybody is against unemployment, everybody is against inflation, everybody is against stop and go, but until this report appeared the general public at all events was not in possession of any practicable alternative policy, any policy which would reflate the economy and get it moving again at a satisfactory growth rate without at the same time causing a damaging degree of inflation. Here we have in this report a series of proposals, highly realistic, well-balanced, tem-

perately and cogently and persuasively stated, which can be of the most immense value to the Government, to the various organisms of government concerned, to the business world and to the trade unions. I venture to add at this point that I hope that the proposals contained in the report will be especially recommended to the business world because of the fact that we have had on the committee such distinguished representatives of the business world as our colleagues Senator Beaubien, Senator Desruisseaux, Senator Gélinas,—shall I add Senator Grosart?—Senator Langlois and Senator Paterson. I think I might add Senator Walker as well. Perhaps I have left out some.

Hon. Mr. Martin: You left out a very important senator, and that is Senator Molson who is listening with great interest now.

Hon. Mr. Forsey: I left out several, but did I really not mention the vice-chairman? I intended to mention him first. "Abou Ben Adhem's name led all the rest." Well, Senator Molson's name leads all the rest, and I omitted him. I am much indebted to the Government Leader for drawing this to my attention. It was, quite frankly, the first name I intended to mention, and instead of that by one of those lapses of memory which attend us when we reach years of discretion or super-discretion, shall I say, when we are becoming too much the sober second thought, I omitted to do so. My apologies to Senator Molson and my assurance that it was a most inadvertent omission. I am sure he well knows that it was by no means an intentional slight. But I hope very much that these distinguished names in the world of business that appear on the front page of the committee's report will recommend its proposals to the world of business.

Honourable senators, I want to say something at this point also about the world of labour. Here I may be accused of *parti pris*, although I hope not of conflict of interest. I liked very much the passage in the committee's report in which it discusses the organization and the real situation of the trade unions in this country. I think it is a most just appreciation, shall we say, of the position of the trade unions. There is widespread misunderstanding on this subject, some of which should certainly be cleared up by the words of the report.

I digress for a moment to say how particularly pleased I am to find this temperate and sympathetic statement about the trade unions of the country in a report of a Senate committee, because some years ago, before I came here, I used occasionally to appear before committees of the Senate as a representative of the trade union movement and I must confess that it was rather a disillusioning experience. I say this because in a great many cases it appeared that the members of those committees were inclined to say to themselves, "This is where we get a chance to throw something at these people." I may have said this before in this chamber. "They are a collection of good-for-nothings, lazy loafers, battening on the workers of the country, autocrats, tyrants," and I could go on with the vocabulary of invective. I remember particularly one senator, now gone to his reward, who took the occasion of the appearance of Mr. Percy Bengough, then president of the Trades and Labour Congress, before the Senate Committee on Immigration and Labour, to say, "Mr. Bengough"—some senators may know and may possibly recognize who this was but I shall *passer sous silence*—"Mr. Bengough, there is one question I have always wanted to ask you and it's this—" and then he got off a perfect stinker of a question, rose to his feet and shot out the door of the committee room and slammed it behind him, before poor Mr. Bengough could so much as open his mouth. Like all my best stories that is quite incredible, but it is what happened. I am sure I could produce witnesses to this extraordinary occurrence. Very seldom did we get anybody quite as obviously and viciously hostile as that to the trade unions, but it was perfectly evident that on a great many occasions we were facing a group of people who considered that we in the trade union movement were responsible for most of the evils of the world—perhaps not everything, but pretty close to it. So it is peculiarly gratifying to me to see in this report the eminently sound and sensible statements, and I think I may say sympathetic, although not entirely uncritical, statements about the trade union movement.

I would add only one thing, that when it comes to the question of voluntary price and wage controls and this kind of thing, I think sometimes there has been a misunderstanding of the position of the central body or central bodies in this country, the Canadian Labour Congress and the Confédération des Syndicats nationaux—a misunderstanding of just how much they could do. People have said that they are very lacking in public spirit, that they are very unco-operative, and they are very this and very that of a disreputable kind. The fact is that the central bodies, at all events the Canadian Labour Congress of which alone I can speak with inside knowledge or anything like it—the central body, the Canadian Labour Congress, has really very little power. If we had been speaking of Sweden, for example, at least until very recently, we could have said that there the central trade union bodies have enormous power. They can sit down and bargain with employers' federations, also very powerful, for a general settlement of the whole level of wages for practically the whole country, partly, of course, because Sweden is so highly organized and partly because of the structure of the Swedish trade union movement. Our trade union movement is much more loosely organized and the Canadian Labour Congress is no more capable of speaking for particular member unions on wage questions, for example, than the Canadian Chamber of Commerce or the Canadian Manufacturers' Association is capable of speaking for the members of either of those bodies on price policy. You simply cannot imagine the Canadian Chamber of Commerce saying to the International Nickel Company, "Thus shalt thou do and not otherwise." Well, equally, it is quite impossible for anyone who knows the trade union movement in this country to suppose that the Canadian Labour Congress, however anxious it might be to accept voluntary wage controls, would tell any of its constituent unions they must do this or that. In the question of wages it is the affiliated unions of the Congress which are the real works, *qui font la pluie et le beau temps*, to use an expressive French phrase.

• (1540)

Therefore, in addition to the factors mentioned in the passage of the report to which I refer, there is a sheer

incapacity, a sheer lack of capacity in the central organization to commit the member unions on matters of this nature. Having said that, I wish to endorse very strongly the words of the report with respect to hoping that the trade union leaders in the country will take serious account of the recommendations made here.

I believe I saw a statement on the subject of this report from the Canadian Labour Congress. It contained what I might refer to as routine or ritual objection to the medium goal suggested by the report of, I believe, 4¼ per cent unemployment. I was a little sorry to see that, because I think that in the context of the report it is perfectly evident that the members of the committee were not suggesting that this was the final goal, the ideal, the position for which we should strive. They were suggesting simply, as they put it, an interim goal, for the time being, as a great improvement over what we have now. We should try not only to keep inflation within reasonable limits, but at the same time bring unemployment down from the present over six per cent to a much more tolerable, although still not really tolerable, level of 4¼ per cent.

I suppose it is, perhaps, that we are politicians, after a fashion at least, not perhaps very partisan ones, but still members of the political body, and we realize that politics is the art of the possible. We realize also that Rome was not built in a day and if we are to get to the long-term goals suggested by this report, there are stages along the way. This is, of course, disconcerting to the young, who would like to have heaven on yesterday morning's breakfast table. To most of us, however, it seems to be a reasonable interim compromise, a reasonable trade-off, to use the excellent term contained in this report. I hope very much, therefore, that there will be a considered, well reflected response to this report by the labour movement of the country, because I think the labour movement has everything to gain from such consideration.

I wish to add just one or two other points. One is that I am extremely pleased to see the report take the strong stand it does for a floating exchange rate. I have long felt that this was the proper line to take, that it gave us room to manoeuvre and would mean that we would not be caught in the vise imposed upon us by a fixed exchange rate. It gives a Canadian Government the opportunity, at least within limits, to cushion the effect of ups and downs in the outside world. It would be possible to achieve some reasonable degree of stability in prices and in the rate of growth, rather than the stop-go and that sort of situation sometimes imposed upon us almost entirely by external factors.

Of course, as the report points out, ours is an open economy. We are one of the last countries in the world which can think of itself as an autarchy, self-sufficiency or a sort of economic Sinn Féin, ourselves alone. We are overwhelmingly dependent on the outside world economically and bound, I think, to remain so as far ahead as any of us can see. Nevertheless, I thoroughly agree with the recommendations of the report on the subject of a floating exchange rate as a further means of achieving, in addition to the use of the monetary and fiscal devices, the kind of balance and steady growth, without inflation and unemployment on any considerable scale, which the report envisages and hopes for.

I wish to speak of two other matters particularly. One is the view put forward in the report with respect to wage and price controls. Now, it would be very nice if we could say the simple answer to inflation is wage and price controls, whether selective, general, guidelines or any of the other variations. I entirely agree with the report and its conclusion that these developments are virtually impossible for any long period.

The report contains a beautifully qualified phrase. It is almost Mackenzie Kingly in its delicacy of qualification. It begins with "if", then says something about "for a short period" and "in certain special circumstances" and "provided that." It is as academically perfect as anything could be and, in my opinion, properly so. I would agree that in certain special circumstances for a brief period controls might work, but I do not believe they would work for any considerable period in this country, without extraordinary and, indeed, revolutionary changes in the manner in which we conduct our affairs.

Hon. Mr. Choquette: You mean if necessary, but not necessarily.

Hon. Mr. Forsey: Well, I refrained from quoting that classic. I am sometimes accused of having a King Charles' head in bringing Mr. Mackenzie King and his sins into every speech I make on any subject whatever. So I made the one very careful, passing and, indeed, rather laudatory reference to his oratorical style.

Hon. Mr. Martin: Neither Senator Forsey nor Senator Choquette should expose their prejudice.

Hon. Mr. Forsey: One would expect that intervention from the Leader of the Government, but I am afraid that on this subject my opinions remain "unrevised and unrepented". An outward and visible sign thereof is the signed photograph of my old friend and leader, Arthur Meighen, on my wall upstairs.

I agree with what is said with regard to the difficulties of selective controls. I think this is a will-o'-the-wisp, a mirage. I agree with what is said about the difficulties of controls and the impossibility of looking to them as a really serious long-term, or even medium-term, solution to the problem of inflation. This is the more so because it seems to me that unless there is adequate use of the monetary and fiscal levers, the difficulties, the sheer economic difficulties of making controls work, are really insuperable.

If, for example, there were a flood of new money hurled on the market we could impose controls until we were blue in the face and they just would not work. The whole effect would be one of a sea of black markets, because the pressure of the money supply on prices and wages would make the whole thing break down completely. That is a point which might have been made perhaps more precisely than it is in the report as I read it.

The last main point I wish to make has to do with the extraordinary amount of government planning which is proposed by the report, extraordinary in view of certain preconceptions held by many people in this country—I do not mean extraordinary in any bad sense; considerable would have been, perhaps, a better adjective—to use of government planning involved in the proposals contained in the report. It emerges over and over again. It is, of

course, indicative planning, as the phrase goes. It is not planning of the type which attempts to clamp down long-term or medium-term plans over the economy but planning it is. There is an immense amount of it there. I think it is evident that the committee has profited from the degree of planning which has taken place, for example, in France. There is evidence also of the expert literature on the subject and the evidence which the committee no doubt heard, of which I am sure you are aware. I would have liked to be present at the hearings, but it was completely impossible at the time, chiefly because I was not in town during most of the hearings. It seems to me, however, that there is a great deal of planning involved, very salutary proposals for planning, indirect and indicative planning. I again feel that this is a peculiar merit of this report, because of the large number of members of the committee who, I should think, would have preconceptions, feelings rather hostile to such a degree of government intervention in the management of the economy. I think it is a tribute to their objectivity, balance, and good sense, that they were prepared to agree to the proposals in the report. I hope that this will sink in with some of those who say that certain honourable senators with vast experience in business and large business interests are nothing but the mouthpieces of the very wealthy, and do not really consider the public interests at all; that they are just dummies, puppets dancing at the end of strings, controlled by Bay Street and St. James Street.

• (1550)

I hope it will sink in that here are people, a large number of whom might well be considered to be associated very closely and deeply with what are sometimes called big interests, the moneyed interests, the employer interests, the capitalist class, who nevertheless have given their approval to a report which one would scarcely have expected them to feel very enthusiastic about. It is a tribute to their objectivity, and I should like, as an old trade unionist, to put in my two-penny-worth of congratulations on their share, their special share it seems to me, in this excellent report.

Finally, I wish to say that I am a little perplexed—this is a very minor point; perhaps like some of my other speeches, this one will end not with a bang but with a whimper—by the fact that the committee proposes that the Prices and Incomes Commission should become a joint dominion-provincial body. I do not quite know what they base that on, except perhaps the growing power of the provinces and the enormous increase in provincial and municipal expenditures.

I should have thought that there was no very cogent argument for a joint body, that it was better really to leave this question of national importance in the hands of a purely national body. However, this is perhaps another example of what the Leader of the Government would call my prejudices showing. Perhaps at this point I am once again showing that in certain ways I am basically still a John A. Macdonald Conservative. There are not very many left. Donald Creighton and I are, I suppose, the only ones who can be said to be still in existence. I am a little dubious about that, and I am not sure why it got into the report.

But when all is said and done, when some critic even more captious than I has gone over every word of this report and noted all the crumpled rose leaves, all the peas under the mattress, it seems to me that the judgment I initially ventured to pronounce upon it, that it is a masterpiece of balance, common sense, well thought out, cogently expressed opinion on this subject, of the highest value to the whole country, and absolutely overwhelming proof of the value to this country of the Senate and of its committees, that that judgment still stands.

Hon. Mr. Everett: Honourable senators, I propose to adjourn the debate. I do not intend to be here next week, but perhaps other honourable senators may wish to speak on it in the meantime. This would leave me free to wind up the debate at the appropriate time before the end of the session.

Hon. Mr. Martin: I know that there are other honourable senators who wish to participate in this debate. For instance, I believe that Senator Cook is anxious to speak. Therefore I will adjourn the debate.

On motion of Hon. Mr. Martin, debate adjourned.

The Senate adjourned until Tuesday, December 7, at 8 o'clock in the evening.

APPENDIX

(*See p. 1542*)

THE ESTIMATES

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED BY HON. DOUGLAS D. EVERETT

Thursday, December 2, 1971.

The Standing Senate Committee on National Finance, to which were referred the Supplementary Estimates (A) for the fiscal year ending March 31, 1972, has in obedience to the order of reference of November 24, 1971, examined the said Supplementary Estimates and reports as follows:

1. The Committee has examined the said Supplementary Estimates (A) and has heard evidence thereon from Mr. G. Osbaldeston, Deputy Secretary, Programs Branch, Treasury Board, and Mr. B. A. MacDonald, Director General, Budget Coordination, Treasury Board.

2. The said Supplementary Estimates (A) provide for total expenditures for which Parliament will be asked to provide funds in the amount of $361,925,284; budgetary estimates of a statutory nature of $198,111,500 and loans, investments and advances in the amount of $311,985,001. This brings the total of the Main and Supplementary Estimates for the current fiscal year to $16,212,940,921. The Main Estimates called for an expenditure of $15,340,919,136. Supplementary Estimates (A) increase this by $872,021,785.

3. Included in the said Supplementary Estimates (A) are eighteen $1 items, an explanation of which was provided by the officials of the Treasury Board and is attached to this report.

4. The budgetary expenditures to be voted upon amount to $361,925,284 and include the following major items:

$21 million to implement the first two steps to achieve pay parity in the Armed Forces;
$10 million to cover losses in coal mining incurred by the Cape Breton Coal Mining Corporation;
$22 million for relief of Pakistani refugees;
$25 million to cover the opportunities for youth program of last summer;
$7 million for other items related to the employment of students last summer;
$100 million for the local initiatives program of the Department of Manpower and Immigration;
$20 million for the on-the-job training program of the Department of Manpower and Immigration;
$15 million for additions to the regular manpower training program; and
$80 million for federal labour intensive projects.

$198,111,500 is provided for budgetary expenditures of a statutory nature, of which the main items are:

$80 million for the statutory provision for grants under the Employment Support Act; and
$62 million for costs relating to the Medical Care Act and the Hospital Insurance and Diagnostic Services Act.

Loans, investments and advances total $311,985,001 of which the main items are:

$95 million in loans to Atomic Energy of Canada Limited to finance the rehabilitation of the Glace Bay Heavy Water Plant;
$32 million in loans under the automotive adjustment assistance program in connection with the Agreement on Automotive Products (Auto Trade Pact).

It is noted that approximately 60% of all the budgetary items, statutory and non-statutory, concern unemployment measures.

5. The Committee requested the Treasury Board to provide it with the terms, conditions and present status of loans under the adjustment assistance program in connection with the Agreement On Automotive Products (Auto Trade Pact).

6. The Committee complimented the Treasury Board on the excellent publication entitled "How Your Tax Dollar is Spent" and suggested that it would be improved by including more information on the subject of loans, investments and advances.

7. The Committee requested information concerning the present status of the $80 million provision for the statutory provision for grants under the Employment Support Act. More specifically, it requested information on the total amount of present commitments, the present outlook for commitments up to the end of 1972, a list of commitments by industry and by province and the total employment affected by such commitments.

8. The Committee requested the Treasury Board to examine its method of preparing Estimates to see whether more information can be provided on the terms, conditions and status of all loans, investments and advances in Main and Supplementary Estimates. Officials of the Treasury Board undertook to examine this matter and to report back on the feasibility of providing such information.

9. The Committee requested the Treasury Board to provide along with the Main Estimates and the Supplementary Estimates the total spending program of the Federal Government, including all loans, investments and advances of a previously approved nature, comparing them from year to year in dollar amounts and in terms of a percentage of the Gross National Product. Officials of the Treasury Board undertook to examine this matter and to report on the feasibility of providing such information.

Respectfully submitted.

D. D. EVERETT
Chairman

EXPLANATION OF ONE DOLLAR ITEMS SUPPLEMENTARY ESTIMATES (A), 1971-72

Summary

The one dollar items included in these Estimates have been grouped in the attached according to purpose.

A One dollar items authorizing transfers from one vote to another within a Ministry to meet certain increased costs, additional expenditures to be incurred or to reallocate certain funds (3 items).

B One dollar items which require listing in the Estimates in order to secure approval of certain grants and contributions (10 items—includes item 10a for Industry, Trade and Commerce and item 15a for National Health and Welfare which also appear in Section A).

C One dollar items which are legislative in nature (7 items including two to authorize deletion of debts due the Crown).

SECTION A

ONE DOLLAR ITEMS AUTHORIZING TRANSFERS FROM ONE VOTE TO ANOTHER WITHIN A MINISTRY TO MEET CERTAIN INCREASED COSTS, ADDITIONAL EXPENDITURES TO BE INCURRED OR TO REALLOCATE CERTAIN FUNDS (3 ITEMS).

Industry, Trade and Commerce

Vote 10a (also listed in Section B)—Amount of transfer to this vote $2,299,999.

Purpose—This additional amount will be used to provide for the payment of:

(*a*) contributions to develop and sustain an increment in exports of Canadian goods and services	$ 250,000
(*b*) a further contribution to assist Canadian manufacturing industry in financing the cost of industrial design projects	$ 250,000
(*c*) additional contributions to assist in the advancement of technological capability of Canadian manufacturing industry by supporting selected civil (non-defence) development projects	$1,800,000

Source of Funds—Vote 35 ($2,299,999)—Funds are available due to forecast requirements being less for the operation of program during 1971-72 than was expected.

National Health and Welfare

Vote 15a (also listed in Section B)—Amount of transfer to this vote $899,999.

Purpose—To provide for contributions in support of health oriented innovative services projects (such as street clinics) related to the non-medical use of drugs.

Source of Funds—Vote 35 ($899,999)—Funds were provided under Vote 35 of the Main Estimates for all innovative services related to non-medical use of drugs. Funds are therefore being transferred to Vote 15 to cover the cost of the health oriented projects related to innovative services which were carried out within the Health Insurance and Resources Program.

Veterans Affairs

Vote 24a—Amount of transfer to this vote $1,076,999.

Purpose—To provide for the transfer of the required operating funds following the establishment by legislation of the new Bureau of Pension Advocates.

Source of Funds—Vote 1 ($1,076,999)—The funds for the operation of this program were originally provided under the Administration Vote in the Main Estimates for 1971-72.

SECTION B

ONE DOLLAR ITEMS WHICH REQUIRE LISTING IN THE ESTIMATES IN ORDER TO SECURE APPROVAL OF CERTAIN GRANTS AND CONTRIBUTIONS (10 ITEMS—INCLUDES ITEM 10a FOR INDUSTRY, TRADE AND COMMERCE AND ITEM 15a FOR NATIONAL HEALTH AND WELFARE WHICH ALSO APPEAR IN SECTION A).

Indian Affairs and Northern Development

Vote 5a—to authorize a grant of $40,000.

Explanation—The grant to the Manitoba Indian Brotherhood is to assist with the cost of centennial commemoration of the signing of peace treaties.

Source of Funds—Vote 5—Funds originally provided for operating expenditures will be used to pay this grant.

Industry, Trade and Commerce

Vote 10a—(also listed in Section A)—To authorize contributions totalling $3,050,000.

Explanation—This additional amount will be used to provide for the payment of:

(*a*) contributions to develop and sustain an increment in exports of Canadian goods and services	$ 250,000
(*b*) contributions to increase Canadian industrial participation in capital projects abroad	$ 750,000
(*c*) A further contribution to assist Canadian manufacturing industry in financing the cost of industrial design projects	$ 250,000
(*d*) Additional contributions to assist in the advancement of technological capability of Canadian manufacturing industries by supporting selected civil (non-defence) development projects	$1,800,000

Source of Funds—Vote 35—Funds are available due to forecast requirements being less for the operation of program during 1971-72 than was expected.

Justice

Vote 1a—To authorize a payment of three grants totalling $21,500.

Explanation—The three grants consist of:

(1) A grant of $10,000 to the Association of Canadian Law Teachers (Poverty Law Section) to assist with the expenses of a National Conference on Law and Poverty. This grant has already been paid through the use of funds from Treasury Board Contingencies Vote.

(2) A grant of $10,000 to the International Commission of Jurists.

(3) A grant of $1,500 to the L'Institut International de Droit d'Expression Française (I.D.E.F.)

Source of Funds—Vote 1—It is planned to use funds originally provided for operating expenditure.

Labour

Vote 1a—To authorize a grant of $500,000.

Explanation—This additional amount is required to provide for claims against Transitional Assistance Benefits by unemployed workers from automotive manufacturing and part industries. These payments have already been made through the use of Treasury Board Contingencies Vote funds.

Source of Funds—Funds are available from the Adjustment Assistance Benefits Activity based on the forecast requirements of the Textile and Clothing Board.

Manpower and Immigration

Vote 15a—To authorize grants of $110,000.

Explanation—It is proposed to provide additional grants to Immigrant Welfare Organizations to assist with immigrant counselling and settlements.

Source of Funds—Vote 15—Funds are available due to certain reductions made in operating expenditures.

Vote 20a—To authorize grants of $50,000.

Explanation—It is proposed to provide an additional $50,000 to private and public groups in support of manpower research and development.

Source of Funds—Vote 20—Funds are available due to certain reductions made in operating expenditures.

National Defence

Vote 1a—To authorize the payment of a new grant and other increased grants totalling $122,876.

Explanation—It is proposed to provide a new grant and to increase certain grants to various organizations as follows:

(*a*) A new grant is proposed for the Army Cadet League of Canada (This grant has already been paid through the use of funds from Treasury Board Contingencies Vote	$60,000
(*b*) Grants to assist in the establishment and maintenance of military studies at Canadian Universities, including the payment of associated fellowships, are to be increased	$35,000
(*c*) Increases totalling $20,000 are proposed to grants paid to the Navy League of Canada and the Air Cadet League of Canada	$20,000
(*d*) The grant to the Conference of Defence Associations is to be increased	$ 6,100
(*e*) Minor adjustments are to be made to grants to several military and United Service Institutes	$ 1,776

Source of Funds—Vote 1—Funds are available for the payment of these grants mainly due to civilian staff vacancies in the program.

National Health and Welfare

Vote 15a (Also listed in Section A)—To authorize the payment of contributions of $900,000.

Explanation—To provide for contributions in support of health oriented innovative services projects (such as street clinics) related to the non-medical use of drugs.

Source of Funds—Vote 35—Funds were provided under Vote 35 of the Main Estimates for all innovative services related to non-medical use of drugs. Funds are therefore being transferred to Vote 15 to cover the cost of the health oriented projects related to innovative services which were carried out within the Health Insurance and Resources Program.

Vote 35a—To authorize grants and contributions totalling $565,000.

Explanation—The following grants and contributions are proposed:

(1) It is planned to provide grants to provincial and voluntary family planning agencies as well as to assist with certain special projects in this area	$300,000
(2) To provide an additional sustaining grant to the Canadian Council on Social Development (formerly Canadian Welfare Council)	$115,000
(3) To provide for an increase in the contributions to be paid under the National Welfare Grants Program	$150,000

Source of Funds—Vote 35—Funds are available under the family assistance program due to a lower immigration rate during 1971 than was expected.

Solicitor General—Royal Canadian Mounted Police

Vote 20a—To authorize a grant of $24,000.

Explanation—An additional grant of $24,000 has been paid to the Canadian Association of Chiefs of Police. This grant has been paid through the use of funds from the Treasury Board Contingencies Vote.

Source of Funds—Vote 20—It is planned to use funds originally provided for operating expenditures to pay this grant.

SECTION C

ONE DOLLAR ITEMS WHICH ARE LEGISLATIVE IN NATURE (7 ITEMS including two to authorize deletion of debts due the Crown).

Indian Affairs and Northern Development

Vote L16a—To authorize an extension to the Vote-wording so as to permit the making of certain loans and advances to Indians and Eskimos.

Explanation—This extension in authorization is proposed in order, that loans and advances may be made available to Indians and Eskimos for the carrying out of repairs or improvements which are required when they purchase houses off reserves. Under the present authority the cost of these improvements or repairs cannot be included in determining the amount of the loan.

Industry, Trade and Commerce

Vote 11a—To authorize an extension to the vote wording so as to not only increase the amount of Loan insurance available under the General Adjustment Assistance Program but also to extend the date of eligibility and to provide, at a level determined by Treasury Board, loan insurance on those assets secured to protect the Crown's interest.

Explanation—This explanation is proposed to enable the Government of Canada to provide loan insurance to a manufacturer who has been adversely affected by the imposition of a temporary import surtax or similar action by a foreign government. Authority is also included to increase not only the aggregate amount of the loan insurance to be provided to $250 million but also to extend the date of eligibility for such insurance to January 1, 1976. In addition authority has been included to enable the General Adjustment Assistance Board to insure loans in order to protect the Crown's interest in the assets securing loans previously made under this program. The amount of the loan insurance which may be made to protect the Crown's interest will be limited to a level determined by the Treasury Board.

National Health and Welfare

Vote 40a—To authorize an increase of $1,000,000 in the statutory aggregate amount of payments that may be made under the Fitness and Amateur Sport Act.

Explanation—The increase in the statutory provision under the Fitness and Amateur Sport Program is required to permit payment of athletic scholarships of up to $1 million to eligible students. These athletic scholarships are granted to full-time students attending Canadian high schools, colleges or universities.

Secretary of State—Canadian Film Development Corporation

Vote 63a—To authorize an increase in the statutory appropriation of the Canadian Film Development Corporation Advance Account.

Explanation—This increase in the statutory limit will permit the Corporation to make new commitments for the purpose of encouraging the development of the Canadian feature film industry through loans, grants, awards and investments.

Treasury Board

Vote 10a—To authorize an extension to the Vote-wording so as to permit payment of employer contributions in respect of all public servants beginning January 2, 1972.

Explanation—The present vote-wording restricts the payment of employer contributions to those made on behalf of employees paid through the Central Pay Office. The revised vote wording will enable such contributions to be made on behalf of all employees whether paid through the Central Pay office or through departmental field offices. This revision is required as a result of the amending of the Unemployment Insurance Act on June 7, 1971.

Veterans Affairs

Vote 5a—Authority is requested to delete certain accounts due amounting to $43,460.46.

Explanation—It is proposed to delete debts due to overpayments of War Veterans Allowances. These debts involve debtors who have died without estates or have died leaving estates to which, in the opinion of the Department of Justice, the Department has no recourse to recover the debt.

Vote 25a—To authorize the deletion of certain accounts due, amounting to $18,653.52.

Explanation—It is proposed to write off a debt due from an elderly widowed mother who is presently living in the United States on public welfare and is without assets. This debt originated through the payment over a number of years of a pension to which she was not entitled.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of an Agreement between the Government of Canada and the Government of Norway on sealing and the conservation of the seal stocks in the Northwest Atlantic. Done at Ottawa July 15, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of Norway, dated July 15, 1971, constituting an Agreement with respect to Norwegian fishing practices off the Atlantic coast of Canada. In force July 15, 1971.

PUBLIC BILLS

SUSPENSION OF RULES—NOTICE OF MOTION

Hon. Leopold Langlois: Honourable senators, I give notice that tomorrow, Wednesday, December 8, 1971, I will move that for the balance of the present session Rules 44, 45 and 78 be suspended in so far as they relate to public bills.

As honourable senators no doubt will recall, it is customary at this stage of a session to present this motion in order to expedite the work of the house. This is the only reason for the motion.

Hon. Jacques Flynn: I feel this would be a proper time for the Deputy Leader of the Government or the Leader of the Government himself to inform us what business is contemplated for the rest of this week and next week. It has some connection with this notice. I do not mind if the leader prefers to wait until the question period.

Hon. Mr. Langlois: I did not want to anticipate what the Leader of the Government would be saying in this regard. I knew he was going to make a statement at a later stage.

Hon. Paul Martin: Honourable senators, Senator Flynn was kind enough to indicate to me that he intended to seek some clarification as to the schedule as we see it for the period prior to Christmas.

We will not have the supply bill tonight, and perhaps that could be a matter for further discussion with the Leader of the Opposition.

I do not profess to fully understand all the new rules in the other place. The leader of that house, however, has informed me that it is not possible for them to deal with the supply bill before Thursday and, consequently, we will not be able to deal with it, presumably, if we wished, before Friday. However, as I have said to the Leader of the Opposition (Hon. Mr. Flynn), this is a matter I would like to discuss further with him. We would have to deal with it not later than next week, but we can discuss this matter privately before having further discussion in the Senate itself.

• (2010)

The leader of the house in the other place, who had something to do with initiating the new procedure there last week, has told me that he does not see how we can have the tax bill before four o'clock on Friday, December 17.

Some Hon. Senators: Oh.

Hon. Mr. Martin: I say four o'clock, because under their rules, government business terminates at four o'clock on Friday. The reason is that on third reading a certain number of days have to be allocated for discussion. I suppose there could be an agreement, which certainly would please me, between the parties in the other place to shorten that period. This would mean we would have the bill much earlier. However, I can only say I envisage that it would be possible for us in the event the bill came to us on December 17—and that is a matter for the Senate to decide—to deal with the bill in the remaining hours of Friday. The Senate may, if it wished, deal with the bill on Saturday, December 18. The Senate has sat on Saturdays on other occasions. If it were not so disposed, we would have to deal with it on Monday, December 20, which would leave Tuesday, Wednesday and Thursday, December 21, 22 and 23.

Hon. Mr. Flynn: Why not Christmas Day?

Hon. Mr. Martin: This is something I would hope we could avoid. In any event, if this prognostication is correct we would have at least those four days. I have left December 24 in the hope that it could be used by honourable senators to travel to their respective homes for Christmas Day.

Hon. Mr. Flynn: If we do not sit on Christmas Day.

Hon. Mr. Martin: If the bill is not finished, of course, in view of the effective date of January 1, there would be no alternative but for us to return and deal with the bill before the end of December in this calendar year.

That is the situation as I see it. Nothing would please me more than to find more alacrity in the other place, which would permit us to get the bill much earlier. If that does not take place, I think the schedule I have mentioned will be close to reality.

Hon. Mr. Flynn: I have never heard such an alarming warning as the one we have just heard from the Leader of the Government. I would suggest to him that, if his fears are justified, the Senate will not be able to deal adequately with the bill. That is the first comment I have to make.

The second thing I suggest to the honourable leader is that the schedule in the other place is determined now, not by Parliament but rather by the Government, since the Government decides in what way it will impose closure in the Commons. As the only member of the present administration who was also a member of the St. Laurent administration which imposed closure in the pipeline debate, I suppose Senator Martin has been consulted and

I suppose he has given some advice, and I conclude his advice has not been followed.

Hon. Mr. Martin: That is a kind way of putting things.

Hon. Mr. Flynn: Honourable senators, you will have noticed that I gave time to the honourable leader to make some comments.

Hon. Mr. Connolly (Ottawa West): Divide and conquer.

Hon. Mr. Flynn: I am not trying to divide. That has already happened. The honourable former leader knows all about that. I will not broach that subject tonight. I shall keep it in reserve for use in due course.

I suggest to the Leader of the Government that if the Senate is to deal adequately with this bill and under normal circumstances, he should persuade the Government that if it has to impose closure it might as well impose it so as to permit the bill to reach us at the beginning of next week. There are ways of imposing closure. There are ways that will permit the Senate to deal adequately with the bill and to discharge its responsibility, at least in a more or less normal way. Closure should not be imposed in a way in which we will not be given an opportunity to deal with this bill in an adequate fashion.

I suggest to the honourable leader, conversant as I am with his vast experience and his authority within the Government, that he should persuade the Government to impose closure in such a manner as to permit the Senate to deal with the bill at the beginning of next week. Otherwise, it will create a very difficult situation for the Senate, for the Government, and for the country.

Hon. Mr. McNamara: Honourable senators, in my ignorance, might I ask a question? If we do not get the bill until December 17, as the Government has indicated, is there anything to prevent the Senate from meeting on Monday instead of on Tuesday and dealing with the bill all day Monday, Tuesday and Wednesday?

Hon. Mr. Martin: Not only is there nothing in the rules to prevent that, but there will be nothing to prevent our dealing with the bill on Friday, December 17, between the hours of 4 and 6, or even during the dinner hour, and on Friday evening and all day Saturday.

Hon. Mr. Flynn: And all night, even.

Hon. Mr. Martin: There is a precedent indeed for the Senate to meet on a Sunday. I have listened with interest to what the Leader of the Opposition has said. I know he intended it to be helpful. Anyhow, I have taken his suggestion.

Hon. Mr. Flynn: Helpful to the Senate, not to the Government.

Hon. Mr. Martin: I am sure the honourable senator has greater influence with some Opposition groups than I have, and if there were some arrangement—

Hon. Mr. Flynn: But you have more influence on parts of the Senate than I have.

Hon. Mr. Martin: —on a principle under which closure could be more effectively and earlier applied, I am sure there would be a disposition in certain quarters in the other place to accede to that request. The procedure that is followed now, with regard to closing of the debate under compulsion, is pursuant to the new rules in that house.

• (2020)

As I said, I cannot profess to be an authority on those rules, but those who are have given me this timetable. I do not want to enter into a political argument, and I know that Senator Flynn was not at all political in the observations he made.

Hon. Mr. Flynn: It was the furthest thing from my thoughts.

Hon. Mr. Martin: As Senator Flynn says, it was the last thing he had in mind.

Hon. Mr. Walker: Perish the thought.

Hon. Mr. Martin: But those who oppose closure are put in a very difficult position if they advise that there is a more effective form of closure that might be used. However, Senator Flynn's suggestion will undoubtedly be taken into consideration by those who sit to the left of Mr. Speaker in the other place, and they in turn might make suggestions that would cause some change to be made in the course that might have to be followed pursuant to those rules. Certainly, nothing would please the Leader of the Government more than to have this bill at as early a date as possible.

Hon. Mr. Flynn: Do you mean the Leader of the Government in the Senate?

Hon. Mr. Martin: Yes. I can assure Senator Flynn that, when this matter was discussed in the cabinet, the point which he and others have in mind was very much in my mind, and was made known. But all of us are subject to the implications of the new rules of procedure. They can only be changed with consent. That is something over which none of us in this chamber has any control.

Hon. L. P. Beaubien: Honourable senators, it is all very interesting to hear what kind of rules of closure they have in the other place, but, after all, we have a certain responsibility in the Senate. We have worked on this bill for a couple of years now. As a matter of fact, the Standing Senate Committee on Banking, Trade and Commerce has worked on this matter for about five years. We have given it a very professional study. Under the leadership of our chairman we have had the best legal brains in Canada look at this whole question. For the other place to ask us to receive the bill on a Friday night, and to sit on Saturday and Sunday is just nonsense. We cannot begin to deal with this bill in less than four full days. If the members of the other house want to make all kinds of rules, then let them make them.

I must say that when Senator Dandurand was the Government Leader here he said what the Senate was going to do, and the Senate did that. We are not children. If they send us the bill on Saturday night, let them send us the bill on Saturday night; but we are going to take four full days to look at it and we are going to send it to committee. We are going to look at it and see if the amendments we consider to be "musts" have been put in the bill.

I am not trying to play politics. The chairman of the committee, when he proposed certain amendments, was not playing politics. Many of those amendments do not

concern Government policy. They are necessary simply because of the fact that the bill is badly drafted.

We have to give the bill due consideration. I would just say to the other house that they can have closure or not have closure. If they do not send us the bill next week, we will come back at the beginning of the new year and pass it then. We are going to consider the bill fully. I do not think it makes any sense to do otherwise.

Hon. Mr. Martin: I agree with Senator Beaubien that we should have at least four days, and that time will be provided.

Hon. Mr. Flynn: Four days, yes, but at the beginning of next year?

Hon. Mr. Martin: No, before next year.

Hon. Mr. Flynn: But Senator Beaubien has suggested, and I think I would agree with him if the Leader of the Government is willing to agree, that we should come back on approximately January 10 or 15 next to deal with this matter. We could then deal with it in a calm and quiet way, as should be the case, in which event the Leader of the Government may rest assured that we will give him our fullest co-operation.

Hon. Mr. Martin: I have always had that.

Hon. Salter A. Hayden: Honourable senators, perhaps I should stay out of this discussion, but when I made the motion earlier in the fall to refer the Summary of 1971 Tax Reform Legislation, and the bills that were proposed to implement the same, to committee for study, the avowed and stated objective was that we would make ourselves fully cognizant of, and be fully researched on, the contents of the legislation, and that we would be ready to deal with it when it came to us. It was hoped in this way that we would avoid a situation which has occurred in the past. Yet here we are again right in the middle of the same situation.

The first point I should like to make is that we as the Senate have to steer our own course just as the House of Commons, obviously, has to steer its own course. If any thought had been given to the length of time we might require to deal with the bill when it reaches us, then considerations as to the termination of the debate could have been geared accordingly. But when you settle for four days to close the debate in Committee of the Whole and another four days for third reading, and then if you say that the House of Commons cannot avoid honouring Thursday as Opposition Members' day, the effect is to postpone the time at which the legislation will come to us for consideration.

So, honourable senators, what are we supposed to do? Are we supposed to sit around and wait? I suppose when the bill does come to us and while we are debating it the members of the other place, having struggled through it for 50 or 60 days, as they will say they have struggled, will take their Christmas recess and wave good-bye to us, leaving us to deal with it. This is completely unsatisfactory, and I think the other place should be told in every strong terms just how we feel about it. What do they expect? Do they expect us to stand around and wait for the bill to arrive, at whatever hour of the day that may be?

If it comes to us at 6 o'clock in the evening will we be told that we must deliver it back by midnight?

Hon. Mr. Flynn: Never.

Hon. Mr. Hayden: This is the responsibility of the Senate, and while the members of the House of Commons may say that we cannot dictate to them we certainly should make it quite clear that we will not permit them to dictate to us.

It may well be that we shall be in a position to deal with the legislation much more quickly and thoroughly than we might otherwise have been because we now have a good understanding of it. However, the legislation is expected to reach us on the afternoon of Friday, December 17, and it has been indicated that if its consideration takes longer we can sit on Saturday. I am rather surprised that Sunday has not been mentioned as a day on which we might sit.

Hon. Mr. Beaubien: It has been mentioned.

Hon. Mr. Hayden: This measure is proposed to become effective on January 1. In my view, if on January 1 the bill had not been passed and the present session of Parliament was still continuing then, whenever the bill was passed during the continuance of that session, that date would still be the effective date.

Hon. Mr. Flynn: Indeed.

Hon. Mr. Hayden: I have not heard any suggestions to the contrary, and I think the pressure, the speed, and the selfishness displayed show an utter disregard for the Senate. I am completely dissatisfied because the House of Commons is steering its own course without any regard for us. In my view, honourable senators, we should steer our own course straight down the middle of the road.

Hon. Senators: Hear, hear.

Hon. Mr. Manning: Honourable senators, may I ask the Leader of the Government a couple of additional questions arising out of what has been said? Are we to understand from what has been told to us this evening about the proposed timetable, that when the House of Commons was deciding on its timetable for concluding its work on this bill that no consideration whatever was given to the amount of time this house could reasonably expect to be accorded to give a bill of this importance the attention it deserves? I submit that to attempt to give a bill of this magnitude intelligent consideration inside the space of two weeks is ridiculous. I agree with everything Senator Hayden has said to the effect that the Standing Senate Committee on Banking, Trade and Commerce has thoroughly analysed the bill. I feel they have done an excellent job. However, that committee consists of only a small proportion of the members of this house.

• (2030)

My first question is, when the other house gave consideration to its time limit did it take into account the fact that this house would need at least two or three weeks to consider the bill before translating it into law?

My second question is of a different nature. When this bill finally comes before us, has the Government Leader given consideration, because of the pressure of time, to having the bill considered in Committee of the Whole?

Hon. Mr. Flynn: Honourable senators, before the Government Leader replies to Senator Manning's pertinent questions, may I also put a few questions to him? He will then not have to rise several times in the course of the evening.

If the Senate were to adjourn on December 17, which was a target date indicated some time ago, and return around January 10 or January 17 and at that time we were to take two or three weeks or if necessary, only four days to give consideration to this bill—this would be more favourable than having it presented to us a week before Christmas—would Government be hampered or would the legislation suffer? As Senator Hayden has indicated, the legislation can go into force on January 1, 1972, whether we give consideration to the bill before Christmas or at the beginning of the new year.

As all honourable senators know this is not retroactive legislation in any sense of the word. When the Minister of Finance makes a budget speech, usually the action he takes comes into force on that very day subject, of course, to approval by Parliament at a later date. What difference would it make to the Government if we were to pass the legislation at the end of January or the beginning of February next year, rather than dealing with it under pressure before Christmas?

Hon. Mr. Martin: I do not believe that Senator Hayden and I are in full disagreement. But under the bicameral system it is inevitable that the upper house is dependent, in certain circumstances, on the progress made in the other place. This is the present situation and it has always been that way. Generally speaking, I do not see how that can be fundamentally altered.

Hon. Mr. Flynn: Oh, no.

Hon. Mr. Martin: I have made the statement. Senator Flynn may not agree with it. But under general circumstances, I do not see how this situation can be altered. If he would look at the work of Campion, one of the great authorities on the rules of the parliamentary system, dealing with both the upper and lower chambers, he would see there is justification for the statement I have made.

Hon. Mr. Flynn: I would doubt that.

Hon. Mr. Martin: If the bill comes to us before December 17, as I have said earlier, I will be pleased along with every member of this chamber. Of course, this was taken into account, in answer to Senator Manning, when the matter was discussed by the cabinet. The cabinet itself, however, also was subject to circumstances over which it did not have control. It was only after a protracted debate that resort was made to the provisions of the new Rule 75(c), under which the vote was taken in the manner in which those rules envisage a vote has to be taken.

So the answer is yes, this was taken into consideration. I can say that on more occasions than one I took the opportunity of emphasizing our problem very strongly.

Now, if the bill comes to us before the December 17, that would be preferable, but that is a possible circumstance over which we have no control. I had hoped, frankly, that the bill might come to us on December 13, but my calculations were predicated upon what was apparently a faulty understanding on my part of the new rules in the other place. If it does not come until December 17, we will have no alternative but to deal with it at the earliest possible moment.

Hon. Mr. Flynn: Why?

Hon. Mr. Martin: May I just finish my argument?

Hon. Mr. Flynn: This is the point. Let me interrupt the leader now. He is always very fluent, but this is the point at which we wish to have an answer. Why do we have to deal with the bill on December 17?

Hon. Mr. Martin: If my honourable friend will just allow me—

Hon. Mr. Flynn: I hope you will answer my question and not leave it.

Hon. Mr. Martin: I will not be able to do so if you continue to interrupt me; that is clear.

Hon. Mr. Flynn: It is not clear, because you always avoid the question.

Hon. Mr. Martin: If I were in another place I would ask His Honour the Speaker to come to my assistance, but that is not the procedure here.

Hon. Mr. Flynn: You have never needed assistance to avoid answering questions; you have been doing that for forty years.

Hon. Mr. Martin: Whenever my honourable friend finds himself in difficulty he becomes abusive and, when abusive, loses his lucidity.

Hon. Mr. Flynn: No, I do not, but you never come to grips with a question, whether you are pushed or not.

Hon. Mr. Martin: I thank my honourable friend for those compliments. Some would regard them as compliments.

Hon. Mr. Flynn: Some would.

Hon. Mr. Martin: If the bill comes to us on Friday, December 17, we will have the alternative of dealing with the bill on that day, which gives us the opportunity of continuing on Saturday. We do not have to do so; it will be up to the Senate to decide whether it wishes to deal with the bill immediately. If it does not wish to do so until Monday, we will have four days, December 20, 21, 22 and 23. Then I presume senators will wish to go home for Christmas, although I do not see why we should not return afterwards and have December 27, 28, 29, 30 and 31 for this business.

Hon. Mr. Flynn: What a New Year's Eve it will be.

Hon. Mr. Martin: Surely there is nothing unreasonable in asking that.

Hon. Mr. Flynn: Not unreasonable, but foolish.

Hon. Mr. Martin: Well, surely we are not that overworked.

Hon. Mr. Flynn: Oh, no.

Hon. Mr. Martin: By the way, if that is done, members of the House of Commons will not be able to go away and take a holiday while we are at work. They must remain here, because royal assent to this bill is necessary in order to make it effective on January 1. We cannot have royal assent unless the Gentleman Usher of the Black Rod goes to the other place and advises them that we are waiting

for them to come here. It cannot take place with only the members of one house present. The members of the House of Commons will have to come to the Bar of the Senate to await the pleasure of His Excellency the Deputy to the Governor General to give royal assent to the bill. Senator Flynn asks why cannot we deal with this in January. He knows the answer to that.

• (2040)

Hon. Mr. Flynn: No.

Hon. Mr. Martin: The answer was given some weeks ago by Senator Hayden.

Hon. Mr. Flynn: No.

Hon. Mr. Martin: He said that everything—the work of the Government, the Department of National Revenue and the other departments concerned—had been geared so that the bill would become operative in all its aspects on January 1 with regard to the imposition of taxes, which will become law regardless. But with regard to the reduction of taxation, the situation is otherwise. The reduction of taxes announced in June and October are dependent on the passage of the bill. Over four million people would be involved, and many more hundreds of thousands would receive the benefit of tax reductions.

The people in the business community—both those who like and those who do not like the bill, particularly the large operations in the private sector—have been preparing their operations to coincide with the date of January 1. There would be nothing but the greatest confusion in the country—

Hon. Mr. Flynn: You are certainly adding to the confusion that exists now.

Hon. Mr. Martin: My honourable friend is making very effective debating observations, but they are not helpful in this particular instance.

Hon. Mr. Flynn: You should know about that yourself.

Hon. Mr. Martin: My honourable friend should not take up against me old quarrels which had their origin in the other place. He and I have forgotten the other place.

Hon. Mr. Flynn: Not me.

Hon. Mr. Martin: I know that Senator Walker and I have forgotten, and we used to have many arguments.

Hon. Mr. Walker: I never think of them.

Hon. Mr. Martin: I am quite sure that I have answered all Senator Flynn's questions.

Hon. Mr. Hayden: I should like to put a question to the Leader of the Government. When the bill comes to the Senate, at whatever time that may be, from that moment on it is completely in the control of the Senate, is it not?

Hon. Mr. Martin: That is right.

Hon. Mr. Flynn: Right.

Hon. Mr. Hayden: And it may be debated at length or briefly, and in due course it may be referred to committee.

Hon. Mr. Martin: That is right.

Hon. Mr. Hayden: And when it is referred to committee, the committee can make its own decision. It can decide whether it wishes to hear more evidence, and it may take a length of time to consider the bill. At that stage, when the committee is making its decision, I doubt that much thought will be given to whether or not consideration of the bill is completed by January 1, particularly in view of the fact that the leader said, as I understood him, that even if we should run past January 1, the bill, whenever it comes in, will be effective as and from January 1.

My honourable friend quoted something I said when I introduced my motion, namely, that we were gearing everything to be ready to make the bill effective on January 1. Certainly, so far as the Senate was concerned, that was the case. We set a deadline for all our hearings, and we tabled our Preliminary Report No. 2 on November 30, allowing ample time for the bill to come over and for our consideration of it. However, procedural trouble occurred and the bill became bogged down in the other place. If the decision for closure had been made earlier we would not be faced with this problem. The matter of the selection of the time limit within which debate was stopped was also a decision of the other place. I cannot quarrel with that because it is not my function as a senator to quarrel with those decisions, but when they trench upon the decisions of the Senate it is time for me to say something.

Does my honourable friend know that the Department of National Revenue has been distributing forms in relation to the returns that will be made in the coming year on the basis of this bill?

Hon. Mr. Walker: On the basis of the bill having been passed.

Hon. Mr. Hayden: On the basis of the bill having been passed or not. This is the usual practice of the department, whether a bill is passed or not. As and from the effective date, the collection procedures and the making of returns come into play, and ultimately the administration takes effect.

I gather that my honourable friend was protesting my statement that whether this bill is passed and receives royal assent on December 31 or January 10, it would have some bearing on the effective date of the bill. In my opinion it would not, and to my mind that is the question.

Hon. Mr. Flynn: I agree entirely.

Hon. Mr. Hayden: This is a question that should be seriously looked at. We have on many occasions provided an effective date for legislation. We have provided for bills to come into force on proclamation. If we have an effective date, that is the date when a bill becomes law and the date from which it becomes effective.

Hon. Grattan O'Leary: Honourable senators, I agree entirely with what Senator Hayden has said. I know that the purpose of his committee's study was to try to make it easier for the house to discuss the bill when it reached us. However, I do not think this house should be concerned with what has happened in the other place or with what is being done by the Department of National Revenue. If they have made decisions which will involve difficulty because of opposition in the Senate, that is their problem. I am concerned with the place of the Senate in the Constitution. The Leader of the Government in the Senate, if he is right, has put an argument into the mouth of every

illiterate political hack in this country who says that the Senate should be abolished.

Hon. Mr. Flynn: That is right.

Hon. Mr. O'Leary: Why are we here if it is not to take the time that we think should be taken to discuss important measures? I do not think any person in this house should care about who is inconvenienced, whether it is the other place or the executive, whether the Government or the Opposition in the other place are taking too long. I do not care what the problem is. The Opposition may have been wrong, the Government may have been wrong, but in what shape is this bill going to reach us? It will reach us, in fact, with some thirty amendments.

Some Hon. Senators: More than that.

Hon. Mr. O'Leary: I would ask honourable senators not to interrupt me unless they know what they are talking about. Some thirty amendments, were made to the bill by the executive and the Government before being discussed in the other house, which is a terrible way to bring in legislation.

I say quite frankly that if we in this house are going to place ourselves in the position where we must accept the convenience of the other place, regardless of our place as an institution under the Constitution, then those who say that this house should be abolished are right, and I would be glad to accept its abolition under those conditions. But personally I will not accept that position. I think that this house can render a great service to the state, but it will not render that service and it will invite and deserve contempt if it accepts this bill under the conditions in which it is reaching us.

I give full credit to Senator Hayden. He referred this study to committee so that we could obtain as much information and understanding of the proposed 1971 tax reform legislation as we possibly could in order for us to be better prepared when the bill finally came before us. But how are we to know what the amendments are that the executive is presenting in the other place, and when closure is taking place? I will resist to the utmost the passage of this bill with any time limit attached to it.

• (2050)

Hon. Eugene A. Forsey: Honourable senators, I rise simply to support quite strongly what Senator O'Leary has said.

I want to draw the attention of this house to one possibility which I do not believe has been mentioned so far, and that is that this house may see fit to make amendments to this bill, with the result that the House of Commons will have to consider those amendments. I feel this is a strong possibility. If that is not so, then we are reduced simply to being a rubber stamp which I, like Senator O'Leary, am not prepared to accept.

I also wish to draw attention to something that has happened repeatedly for years, long before I came here. This house has often been subjected to what I call Christmas closure. It has been presented with important measures and told, in effect, that it must get them through in jig time, or else. To my knowledge, from my reading of the history of this place, this has occurred time and time again, and has been accepted under protest. I feel the time has come for this chamber to take a stand and say it shall not happen again and, more especially, with respect to a bill of this importance.

I make these comments without regard to the merits or otherwise of the measure. It is possible, after the measure has gone through the various stages, I shall vote for it. It is possible I shall vote against every amendment that is presented here—I do not know. I feel there must be adequate consideration by this house of this legislation. We should not be subjected, on a bill of this immense importance, to the Christmas closure which has been imposed upon us in the past.

Hon. Hartland de M. Molson: Honourable senators, I wish to add my voice to those who have spoken—Senator Hayden, with whom I agree entirely, Senator O'Leary, and Senator Forsey in the points he has just made.

I was thinking of what the Senate has done in respect to this tax reform legislation. I do not want to bore you with repetition, or to take an unduly long time to tell you that which you already know, but I do want to remind the house that, under the leadership of Senator Hayden, the Standing Senate Committee on Banking, Trade and Commerce commenced its consideration of the matters contained in this bill at the beginning of September, before the Senate resumed its sittings after the summer recess. The committee worked hard and arduously and, in my opinion, very well. The result was, under the chairman's aegis, the tabling on November 4 of the Preliminary Report on the Summary of 1971 Tax Reform Legislation.

That report is not of a great many pages, but it contains the results of an enormous amount of work in committee and, as Senator Beaubien has mentioned, the expert considerations of people who are perhaps as knowledgeable as anyone in the country on the matter of taxation. It makes a considerable number of recommendations for either amendment or further consideration.

After further hearings, Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce was tabled on November 30. Again a considerable number of matters were mentioned as subjects of recommended amendment or further consideration.

What is the inference to be drawn from the statements made this evening? Do they mean the committee has been wasting its time since September 8? Do they mean that the total work of the committee, with the former Senator Lazarus Phillips as its chief counsel, and Mr. Albert Poissant, Mr. Irving, Mr. Ewens, and other gentlemen, who as advisers rendered such a valuable service, was valueless? Why should this chamber, if it concurs in the work done by the Standing Senate Committee on Banking, Trade and Commerce, pass without amendment a bill which takes absolutely no account of the matters mentioned in the two reports submitted by that committee?

These are questions that, in my opinion, need to be answered. I do not feel that they can be just sloughed off. In other words, if this is the situation, the Standing Senate Committee on Banking, Trade and Commerce need never have considered this matter. It should not have bothered to present these two reports. If it was simply reporting for the exercise it seems to me to be a useless—

Hon. Mr. Flynn: An exercise in futility.

Hon. Mr. Molson: —a waste of time.

I believe the suggested amendments and recommendations for further study contained in the two reports are all thoroughly worthy of consideration. I do not believe a single one of the matters in the reports has any touch of political direction. The recommendations are absolutely apolitical, and are worth while.

It is now suggested that we pass this bill in a hurry. If we decide that those recommendations are worthy and we so amend the bill and send it back to the other place, does this mean there will be no time for consideration of our amendments there? Will closure have to be invoked again to deal with this bill? Will it take the other place nine more days to deal with it?

How in the world can the Senate give this bill ordinary, sensible, and serious consideration and guarantee that it can be given royal assent by the end of the year? I feel this is an impossible task for the Senate, and it is quite unjust to ask the Senate to act in this way.

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald moved, with leave of the Senate and notwithstanding Rule 45(1)(h):

> That the name of the honourable Senator Quart be substituted for that of the honourable Senator Méthot on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

He said: Honourable senators, I would ask that this motion be passed tonight because tomorrow this committee will meet to deal with the parole system in Canada. Senator Quart is interested in this subject, and I think it would be as well to have her as a member of the committee at the start of its present study.

Motion agreed to.

CANADA-UNITED STATES RELATIONS

MEETING OF PRIME MINISTER AND PRESIDENT IN WASHINGTON—QUESTION

Hon. Jacques Flynn: I am changing the subject, honourable senators.

Hon. Mr. Croll: Do not do that. The debate we just had was interesting.

Hon. Mr. Flynn: I do it with sorrow. It may be more joyful to the Government Leader or those on the other side of the house to tell us what, in their estimation, was gained by the Prime Minister's flash visit to Washington?

• (2100)

Hon. Paul Martin: I think we all agree that nothing could be more important than a meeting between the head of the Government of Canada and the head of the Government of the United States. Our two countries are close friends; we are each of us deeply involved in trade both ways. The United States is our best customer; we are their best customer. The President of the United States is about to make a very important journey to Asia and to the Soviet Union.

Hon. Mr. Flynn: Are you going to give an answer?

Hon. Mr. Martin: I think it would have been regrettable if the Prime Minister had not had the opportunity of conferring with the President, particularly when the President is to confer with Mr. Heath, President Pompidou, and Chancellor Brandt. I think it is a matter for great pride that the first one the President saw was the Prime Minister of Canada.

Hon. Mr. O'Leary: At the Prime Minister's request.

PROGRESSIVE CONSERVATIVE PARTY

TELEVISION PROGRAM

On the Orders of the Day:

Hon. J. Campbell Haig: Before the Orders of the Day are called, may I draw the attention of the Senate to the fact that on both TV networks tonight, at 10 o'clock Eastern Standard Time, there will be a program called "To be a Tory".

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, November 10, 1971—(Honourable Senator Martin, P.C.).

Hon. Fred A. McGrand: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator McGrand speak now instead of the honourable Senator Martin?

Hon. Senators: Agreed.

Hon. Mr. McGrand: Honourable senators, I do not usually occupy much of the time of this house, but I feel I must express my opinion on the report of the Special Committee of the Senate on Poverty. I hope my rather lengthy remarks will not bore you, because I expect to detain you for one hour.

The recommendation of the guaranteed annual income is, in essence, the lifetime thought of the chairman, Senator Croll. He is not the originator of the idea, but he has in the Legislature of Ontario and in the Parliament of Canada been one of the foremost advocates of social justice and a champion of the underprivileged. Some twenty years ago I read a speech that he made in the other place on the guaranteed annual wage. I was impressed by it. It was perhaps the forerunner of his companion thought for the guaranteed annual income. If the Chairman of the Special Committee of the Senate on Poverty were paid by the day for all the work he put into this study, he would have one of the largest incomes in Canada.

The chairman and I have many views in common. We have both been involved in municipal and provincial politics. We have held similar government positions in our respective provinces at times when it was difficult to

convince our colleagues and citizens that the care of the mentally ill and turbercular patients should be a public responsibility, and that widowed mothers and their children should receive special financial aid.

He has lived most of his life in the great cities of Canada, with their wealth and poverty, with inadequate income and services for those who lived in the slums and the working poor who are everywhere. My background is different. I have lived all my life in rural New Brunswick. The only people I know are those on low incomes—the working poor. The marginal farms, with the disappearing value of its soil and what were once prosperous rural communities, are now on the fringe of becoming rural slums. But the natural resources of New Brunswick are still there, and if they were developed as they should be most New Brunswickers would have a guaranteed annual income that was earned. I hope the chairman understands my interest as well as I understand his.

When this committee was set up to study poverty under Senator Croll, it was not necessary for him to ask me to join his committee; I asked for the privilege to serve. We must remember that this committee was set up to "investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise"; and in one of the chairman's excellent speeches he said that the committee would study poverty in its totality. He made a statement that is worth repeating, when he asked "What do the poor want?" He answered that question by saying, "They want what the rich wanted when they were poor".

I do not think the chairman suggests that all the recommendations for a guaranteed annual income be implemented all at once, but should give assistance to the most needy, the old aged, the physically handicapped and the one-parent family. If some financial assistance could be given to the small farmer on what is so often described as marginal farms, or to the non-farm rural poor who can find only part-time employment, these people would stay where they are and not seek work and end up in poverty in the so-called growth centres.

When we met the poor in Toronto, Winnipeg, Calgary, Edmonton or Vancouver, I was always looking for some lonely Maritimer who had given up a small income to find a better life in the large city and had found nothing but poverty, and I found many of them.

In Toronto I met a former New Brunswicker who had left a poor-paying job in New Brunswick to seek a better life in Toronto. He, his wife and four children, travelled to Toronto in their car with their few possessions and with a small amount of money. He found no job and he could not find accommodation; his money soon ran out. He could not park on the street; he parked in an alley. He and his family of four children lived in that car in the alley for two months. An Italian immigrant took pity on them and brought them food.

On our first trip to Halifax we had a number of briefs. Several of them were of great interest to me, including the brief of the Nova Scotia Association for the Advancement of Coloured People. Of all the briefs we received in Halifax two deserve special mention. One was a brief from the Institute of Public Affairs of Dalhousie University. Poverty in Nova Scotia is not confined to Halifax. The other brief was from the Extension Department of St. Francis Xavier University at Antigonish. Both were excellent. The brief from the Institute of Public Affairs of Dalhousie University was a massive document of 137 pages. It was a detailed description of poverty in every county of Nova Scotia.

• (2110)

The fifth paragraph of this brief begins with:

> It is apparent that poverty is predominantly a rural phenomena, a large minority of poverty groups are found in urban areas. The largest poverty group, in terms of actual numbers, is the rural non-farm poor.

It then goes on to give a breakdown of poverty in Nova Scotia, county by county, urban and rural—the extent of rural poverty, farm and non-farm.

The census of 1961 gives Nova Scotia a population of 737,000, of which 256,000, or 34 per cent, fell below the poverty line of an annual income of $3,000. Over 50 per cent of the farm population are classed as poor, and "the actual incidence of poverty in rural non-farm families is approximately 52 per cent as compared with urban poverty of 27 per cent." This exists in every county of Nova Scotia, and in some counties 80 per cent of the rural non-farm people are below the poverty line.

I was most impressed by the brief presented by the Extension Department of St. Francis Xavier University. The brief of the Institute of Public Affairs dealt with statistics; the brief of St. Francis Xavier University dealt with people. Everyone is familiar with the Antigonish movement. It started during the depression. Many persons are involved in its development. It is known throughout the North American continent. People from South America and the emerging countries of Africa come to Antigonish to study its philosophy. This movement helps people to help themselves. Its leaders were the famous big Moses Coady and little Jimmy Tompkins. Both are dead now, but their work goes on. Tompkins encouraged people to build homes by co-operating with each other. He started low cost housing in Cape Breton long before the Central Mortgage and Housing Corporation was thought of.

The brief of St. Francis Xavier University puts emphasis on people helping themselves by making use of the things that they have at hand—and that means the development of their natural resources.

Father Roach of the Antigonish group said there is just a shuttle service back and forth between the Maritimes and Ontario. "We just cannot throw these people out of the small areas and put them in urban areas. We have to do something with them where they are." And he discussed the potential of Nova Scotia's natural resources.

At this time the chairman brought up the question of guaranteed annual income. He asked for their opinions on how it could be implemented to serve best the needs of Nova Scotia. Should it be on a universal, regional, or some other basis? There was little comment and Dr. MacDonald replied for the Antigonish group as follows:

> I am afraid of the guaranteed income—not in principle—but as Father Roach said, if it is implemented now, what is it going to mean? All it will mean for us is that there will be more in Nova Scotia on a guaranteed income than in, let us say, central Canada. There are some problems which I would like to see settled

before the guaranteed income. The first is a redistribution of the industrial facilities in the country or the building up in the Maritimes of its industrial structure; the re-organization of our rural industrial structure and then take the guaranteed income in to pick up the slack. I don't think that the guaranteed income should be used to cover the sores that our economic system is producing because what we are going to have relatively speaking then with the guaranteed income is very poor people relative to the people who are working in centralized industries with a very high rate of productivity.

I agree with our chairman on the principle of a guaranteed annual income but agree most emphatically with Dr. MacDonald of Antigonish that the needs of rural Nova Scotia, and also of New Brunswick and the Gaspé, are best served by building up the industrial structure, and the re-organization of our rural industrial structure. We should develop the natural resources of an area, and then let the guaranteed annual income pick up the slack.

New Brunswick had, in March of this year, about 60,000 adults and children on welfare, and at the present time it has about 20,000 unemployed drawing unemployment insurance—about 10 per cent of the New Brunswick work force. I do not have for New Brunswick the equivalent of the document descriptive of poverty in Nova Scotia produced by the Institute of Public Affairs at Dalhousie University. I do have the report of the Royal Commission on Primary Forest Products in New Brunswick published in 1964. The chairman of that commission was Professor Schuelt of the Department of Forestry at the University of New Brunswick. It is a very revealing document.

The area of New Brunswick is 85 per cent covered by forest. It has the highest forest coverage of most countries in the world, higher than Sweden or any other Scandinavian country. For a long time lumber was the source of New Brunswick's wealth and poverty. The first lumber cut in New Brunswick was for the masts of Louis XIV's navy during the French regime. According to Professor Schuelt, New Brunswick forests grow faster and yield more per square mile than the forests of Sweden. New Brunswick should be rich. Its people should be prosperous. The reverse is true.

Sweden has an area of 150,000 square miles as compared to New Brunswick's 28,000 square miles. Sweden, because of its larger area, has three times the forest area that New Brunswick has, but its forest area produces ten times the amount of harvest produced in New Brunswick. The yield per acre is three times that of New Brunswick. Why? Because Sweden has practised good forest management. New Brunswick has not, and this is the cause of our poverty.

Of 4,500,000 acres of New Brunswick's forest land, approximately 29.2 per cent is in small holdings, mostly farms with farm woodlots big and small. A stand of fast growing trees with proper care is like money in the bank—it is always growing. It is the farmer's cash crop. When he needed a few extra dollars he would cut some saw-logs or pulpwood.

From 1951 to 1961 farm lands in New Brunswick were abandoned at the rate of 10,000 acres per year, and are now growing up in alder bushes. Why? That is a long story—too long to discuss here—but it means poverty.

The land that has been stripped of its forest growth is idle land. It produces nothing, not even tax money. That means poverty.

When the small farmer is forced to over-cut his forest land in order to live, he soon comes to the end of his resources and is forced off the land. This means poverty.

Professor Schuelt writes in his report:

> However, if the woodlot is not improved it will remain a dedication to poverty.

• (2120)

I cannot think of a better argument in favour of the guaranteed annual income. It may enable such farmers to survive and to improve their resources, but I would suggest that, instead of paying them something which they may regard as a salary, we should make the payment to them as a subsidy for the improvements they make.

Professor Schuelt also writes that if the small farm woodlot were to receive the silviculture it requires to maintain the potential of rural employment and survival, it would give rise to employment amounting to about 300,000 man-days of work per year. That means employment.

If the forest resources of New Brunswick were to receive the attention they require, the result would be nearly one million man-days of work per year, and there would be little unemployment in rural New Brunswick.

When our committee met in Saint John, New Brunswick, we heard a brief from the New Brunswick Forest Extension Service. We discussed the large number of small farms that were being abandoned and then bought up by the large pulp and paper companies. I suggested that, if this were to continue, within ten or twenty years New Brunswick would become a province of landless people. The reply made by Mr. Bastin of the New Brunswick Forest Extension Service was very interesting. He said: "That is exactly right. You may question this, but I think that we will be reverting to the fuedal system that prevailed so many years ago." And that, honourable senators, means poverty.

Three years ago I spent three weeks travelling in Scandinavia—in Norway, Sweden, and Finland. I paid little attention to the large cities. I stayed in small towns and travelled through the countryside. I spent several days in the province of Finmark, where most of the Norwegian Lapps live. Upon my return to New Brunswick, I drove by car from Moncton to Ottawa and in every ten miles of highway that I travelled I saw more delapidated buildings, more idle land producing nothing, and more slaughtered woodlots than I saw in the 3,000 miles I travelled in Scandinavia. And that means poverty.

When the Special Senate Committee on Poverty in Canada met at Moncton, it was decided that we should see something of the poverty that existed in the northeastern counties of New Brunswick. Senator Fergusson, Senator Quart, and I made that trip. We were joined by Senator Michaud in Buctouche. In exactly nine hours we travelled about 300 miles in the three counties. That is too short a period of time in which to study the situation in these

three counties in which the incidence of poverty is the highest for the province.

At one point Senator Fergusson and I dropped in to see a welfare recipient, a young man in his thirties with a wife and five children. He had worked in Toronto, but not being able to obtain suitable housing had returned to New Brunswick and had gone on welfare. When we met the family they were living on 100 acres of idle land where the man's father had raised a family of twelve during the depression. The small, old-fashioned farm house in which they lived was in fair condition, and the inside was scrupulously clean. There was some evidence of a garden, but it consisted merely of ten short rows of potatoes, which, when harvested, would not have exceeded one barrel. I asked the man if there was any lumber on his 100 acres of land, and he answered that there was not, that every tree had been cut.

So here was an idle man living on 100 acres of idle land. Neither the land nor the man were contributing one dollar to the economy of the province. My point is that if he were to receive a guaranteed annual income he would probably remain in idleness.

But I have a different solution. I would give that young man several thousand little spruce trees about 12 inches high. I would give him an implement for planting them. I would put him to work planting those trees on his own land, and pay him a good daily wage for doing that work. As an employed person he would have his dignity restored and he would have the benefit of his wages, while the benefit to the next generation would be 100 acres of prime spruce lumber.

Similarly, honourable senators, thousands of acres have been abandoned to grow up in bush and are in need of the same silviculture treatment. In this respect let me recall Professor Schuelt's remark, "If the woodlot is not improved, it will remain a dedication to poverty". A moment ago I was comparing New Brunswick and the Scandinavian countries. It is because Sweden recognized the truth of this and began to employ silviculture that her production per acre is now two or three times higher than New Brunswick's.

The shades of night are falling fast over rural New Brunswick, and that means poverty. The shades of night were falling fast over Sweden in the middle of the last century, and that, too, meant poverty. Indeed, during that period Sweden was one of the poorest countries in Europe. Poverty was the way of life in rural Sweden. In fact, in one decade 25 per cent of Sweden's population migrated to the United States. One million rural Swedes found new homes in America's mid-west. Then there was an awakening in Sweden. They searched for and found the cause of their poverty. They revamped their economy around a selective forest service practice, and thus it was that forestry gave Sweden's economy its muscle. Moreover, the most prosperous provinces in Sweden today are those very provinces that at one time had lost most of their population because of poverty.

In Sweden 142,000 farmers have organized themselves in associations of cutting and marketing operations. One association of 42,000 farmers owns and operates its own processing plants, and its sales amount to $150 million a year.

New Brunswick and the Gaspé could become the Sweden of North America, if we were to adopt suitable forest practices. But when we suggest this to the establishment in New Brunswick we always receive the same reply, "We can't catch up to the Swedes. They are 100 years ahead of us." They are really only 75 or 80 years ahead of us, but if we wait another 20 or 25 years they will be 100 years ahead of us. Poverty and unemployment will continue, and no amount of welfare—guaranteed or otherwise—will be able to take up the slack.

The committee also visited Newfoundland and the coast of Labrador. Senators Carter, Eudes, Hastings and myself travelled by car up the northern peninsula of Newfoundland. We heard several briefs at the Grenfell Mission at St. Anthony's and then we went by seaplane up the Labrador coast to Cartwright. We stopped for short stays at Cape Charles, Mary's Harbour and Square Island. We spent slightly longer in Cartwright itself. Our total time in Labrador of six hours was spent on the Labrador coast. It was much too short a time in which to study poverty in that area. Even so, we saw the best, not the worst, of the Labrador coast.

• (2130)

An extension worker of Memorial University at St. John's, Newfoundland told us that he had spent 12 years in the Canadian north, and that he would rather be an Eskimo in the Northwest Territories than a fisherman on the Labrador coast. At Hawke's Bay in the northern peninsula we met Norman and Faye McLeod of the Frontier College. They work at animators helping people to help themselves. I want to read a paragraph from their brief. This is a description of the northern peninsula—the Labrador coast is much worse.

> The poor people we know are not apathetic, nor are they lacking in motivation, nor do they have values alien to you and me. They are unhappy, they are under a great deal of strain, and they are very realistic. It is because they are realistic that they devote most of their attention to making the most of what they have, and do not dare to dream that they can leave poverty permanently behind them. If they have realistic hopes, they are for better wages at their next job, union wages if at all possible, and a few community amenities, such as sewerage, better roads, and some recreation facilities. You have undoubtedly heard of a "culture of poverty". There is no culture of poverty here, for that would imply a specifically impoverished way of life valued by those who live it.
>
> The poor people we know have a way of life, much of which they value highly; but it is the things they value which are not now part of their way of life, which makes them poor. They are realistic. They have learned the hard way just how little power they have to change their situation, and they have learned to live with that fact. That is the real meaning of the "culture of poverty". The man who tries to change his situation soon learns it's not much use.

While at Hawke's Bay we were told that 15 persons had left the area for Toronto, and had returned within a year. They would rather live with poverty on the Newfoundland coast than live in the slums of Toronto with its summer heat, pollution, and poverty. The people we met on the

Labrador coast were intelligent and friendly, and openly discussed their conditions with us. I cannot recall one who asked for the guaranteed income. All they wanted were better fishing facilities, marketing, and services.

Dr. Thomas, Superintendent of the Grenfell Mission at St. Anthony, has been in the area for 25 years. He knows poverty on the coast of Newfoundland and Labrador, and knows the resources better than most people. He believes that the potential natural resources of the fisheries are high; all that is needed is the proper inducement to the fishermen.

It would be well to compare conditions on the Labrador coast with well-organized fisheries. Iceland, on the fringe of the Arctic Circle is a volcanic island with no minerals, not a commercial tree, and scarcely an acre of good soil. It depends on fish. Over 98 per cent of its exports are fish. It supports 200,000 people. They have excellent schools and medical services. Over 80,000 of its population live in Reykjavik. It has a high standard of living and no slums.

But it is best to compare the coast of Labrador with the coast of Greenland. Greenland is nothing more than the world's largest ice-cap with a fringe of tundra along the coast. Along that coast live between 30,000 and 40,000 Greenlanders who have lived by fishing the coastal waters for centuries. They have been one of the most isolated and poorest people in the world—a colony, now a province of Denmark.

Some 30 years ago things began to change for the better. The Danish government decided that Greenland should share the affluence of western Europe. They built this prosperity on the only natural resource that Greenland has—fish. Denmark put up the money for the development, based on the policy of "no profit—no loss". The planning was done by practical men, not theorists.

The fishing industry was mechanized. Melting water from the ice-cap was harnessed for electrical power. Those who wanted to leave the isolated and small hamlets were moved to selected townsites. Some of these communities now have a population of from 3,000 to 5,000. Town planning was introduced. Starting in 1966 a program was launched to build 4,500 homes with running water and sewerage which will be completed by 1975. Apartment houses three and four storeys high had been built at certain localities and the pipes carrying water to these houses are above ground because of the lack of soil or the presence of frost, and they are electrically heated to prevent freezing.

Income per capita has tripled during the post-war period. In 1963 the average annual income was 40 per cent of the average income in Denmark. Today it is about 50 per cent, and it is expected that by 1975 it will be 60 per cent of the average Danish income. It has been done by free enterprise under state management.

The Greenland people receive the same social security benefits as the Danish people, which are quite sufficient. They receive perhaps a little more but it does not come as guaranteed annual welfare but as pay for work input plus subsidy for excellence. The more prosperous Greenland becomes, the better it will serve the economy of Denmark, and the fishermen of Denmark and Greenland get their fish out of the same water, Davis Strait.

[Hon. Mr. McGrand.]

• (2140)

This is life along the coast of Greenland, with Greenland's icy mountains in the background.

What do the people on the Labrador coast want, to paraphrase Senator Croll's statement? They want what the people of Greenland wanted when they were equally poor.

The Gaspé is another area I would like to discuss.

Hon. Mr. Choquette: Did you say gas bill or Gaspé?

Hon. Mr. McGrand: I said Gaspé, but you can call it what you want. The Gaspé is not a have-not region as far as natural resources are concerned. They are similar to the adjoining Province of New Brunswick, and like New Brunswick it has many rural poor.

When the welfare agencies from Montreal or Quebec City appeared before our committee, I asked them about the number of welfare recipients from the rural areas. One spokesman told us that the English-speaking poor usually come from the Maritimes, and the French-speaking poor from the Gaspé. A spokesman for the St. Vincent de Paul Society told our committee that the amount of social assistance going into the Gaspé exceeds the gross national product of that area. This is difficult to believe because the Noranda Smelter at Murdochville contributes much to the GNP. He may have meant that the amount of social assistance exceeded the GNP of rural Gaspé. This statement should make anyone stop and think and give it second thought. He described part of this problem as a social sickness and said it would take a generation or two to cure this illness.

I expressed my opinion that I preferred seeing people put to work to develop their resources than going on a guaranteed annual income. He replied, "Very definitely, I agree with you, except for this—are you forgetting that to a great extent we are already giving these sections of our country a guaranteed annual income?" This dialogue is recorded on page 11 of the proceedings of the Special Senate Committee on Poverty, October 20, 1970. Mr. Boudreau, the spokesman I referred to, is a national executive of the St. Vincent de Paul Society of Canada, an organization that helps people to help themselves.

There are people in Gaspé, as elsewhere, who prefer to live on welfare, while others do not. There is a growing unrest in some areas of the Gaspé, and Ste. Paula is one of them. On September 23 the Ottawa *Citizen* described a meeting in the Ste. Paula district where 1,200 people from the surrounding area protested the conditions under which they live. On September 22 the Montreal *Gazette* gave full page headlines to the following—

Hon. Mr. Thompson: Do you feel it is a choice between giving them work to do to develop their resources and going on guaranteed annual income? Could they do both?

Hon. Mr. McGrand: If you wait until I am through you will understand what I am saying. I am reading from the *Gazette* of September 22, 1970, under the heading "All this town in Gaspé wants is a chance to help itself." This is written by a Quebec correspondent for the *Gazette*. I will not read it all because it is a long quotation.

> "We want to stop living off welfare and start living in dignity—with jobs," says Leonard Otis, 46, a backwoods Gaspé farmer.

Residents of tiny Ste. Paula, high in the Gaspé mountains behind Matane and 300 miles east of Quebec, gave up waiting for the Government to help them and two years ago went ahead with a scheme of their own.

They claim it is profitable and say that if their project is applied on a regional scale it will bring prosperity and jobs.

Yesterday, about 30 representatives from the isolated, poverty-stricken part of the province travelled to Quebec by car to summon government officials to a giant rally tonight in Ste. Paula.

"We want to stop walking around with 'welfare case' branded on our foreheads," said Mr. Otis, who has received government assistance since he can remember.

The villagers want the government to set up a Crown corporation to create the Ste. Paula project on a regional scale in the 50-square-mile area around Matane.

They are so convinced it can work that they are willing to have the corporation financed out of the welfare money they are getting at present.

He calculates the province will spend almost $100,000,000 in welfare in the area over the next four years. If only one-quarter of that amount were invested in the tree farm project, "the people could live without welfare and in dignity."

I had urged the Poverty Committee to visit the Gaspé area. The mainland consists of nine counties: Kamouraska, Rimouski, Rivière du Loup, Temiscouata, Matane, Matapedia, Gaspé North, Gaspé South and Bonaventure. Before the committee left on tour of the Gaspé area, a member of the staff went ahead and organized our meetings. He spent a week or ten days in preparation. He travelled throughout those nine counties talking to people about the problems of the area and about the people we should meet. The Gaspé tour was to last four days and the most depressed areas were to be visited. The tour was reduced to three days, then to two days, and finally to one day.

It was arranged that we would stop at three small communities on the east side of the highway that passes through the Matapedia Valley on the way to Rimouski. They were not more than six or eight miles from the main highway, and one of these villages was Ste. Paula.

We left Campbellton, New Brunswick, at 1 p.m. and arrived, non-stop, at Rimouski at 3 p.m. We had no work to do until the meeting in Rimouski at 8 p.m. It is regrettable that we did not stop to talk with people in problem areas such as Ste. Paula. They were expecting us and were disappointed when we passed them by. We were to hold a meeting in Rimouski with the regional Chamber of Commerce for the lower St. Lawrence region, which we did. We met at 8 p.m. and adjourned at 9.30 p.m. We were to have another meeting the following forenoon. We met at 9 a.m. and adjourned at 12 noon. We were to visit two small villages in Rimouski county, but did not, because for some reason the visits were cancelled.

• (2150)

Gaspé is one of the tragic areas of Canada. It is 17,300 miles in area, 85 per cent of it, as in New Brunswick, forest covered. In 1966 it had a combined population of 338,000. From 1961 to 1966, 49,000 people emigrated. In the same period 3,000 farms were abandoned, and now useless bushes are growing over them. In 1961 the per capita income was $796, compared to $1,885 for Quebec as a whole. Unemployment runs from 20 to 30 per cent. I do not know how factual Mr. Boudreau's statement is that welfare exceeds the GNP.

In some of these areas which we were to visit and did not, the Government has assisted some farmers to move and settle in larger centres such as Rimouski and Matane. When I asked what their future would be, I was told that if they came to Matane or Rimouski they would survive on welfare.

In the nine counties of this area of 17,000 square miles, poverty is too prevalent to examine in a short period of five or six hours. I have talked to several people who are familiar with Gaspé, have studied its problems and have views on how to cure its poverty. One of these persons had appeared before the Senate Special Committee on Land Use about 10 years ago.

He was born in the Gaspé, received his agricultural education in Quebec and was employed by the World Food and Agricultural Organization as an agricultural adviser in Iran. He studied agricultural problems in Algeria at the close of the French regime and was later employed by the World Bank to study agricultural investment in Morocco. He was for 20 years superintendent of the agricultural station that served the 16 counties of eastern Quebec. He knows Gaspé and its problems as few men do. He was willing to come but he somehow was not invited.

The Senate Report on Poverty is a massive document, but it is an analysis of urban poverty. It has focussed public opinion on the presence of poverty in our cities. But it is incomplete because it does not include a study of rural or regional poverty—poverty in its totality, and its causes. Of its 200 or more pages, less than half a page is used to describe rural poverty. Urban poverty is easy to describe. The slums are there for everyone to see—so are the poor. The welfare agencies are in the cities and they have the statistics.

Rural and regional poverty have to be determined differently, but it is there and usually unseen. According to the brief of the Institute of Public Affairs of Dalhousie University, poverty in Nova Scotia is predominantly a rural phenomenon, which is true of New Brunswick and the Gaspé.

I have described poverty in New Brunswick, the Gaspé and the Labrador coast. If poverty is to be eliminated by stimulating our economy, I cannot think of a better way of getting our economy rolling than by putting people to work in the areas I have mentioned—doing the things that should be done, rebuilding what has been destroyed and allowing nature to do the rest. Then we can introduce the benefits of a guaranteed annual income to take up the slack. Experiments carried out in New Zealand have

shown that there are more man units of labour employed in forest farming than in other forms of agriculture.

I believe that when the weather is better the Poverty Committee should make a study of poverty in various regions of Canada, including the Interlake region of Manitoba. We should talk to the people on the spot and not rely on the opinions of social scientists, who often develop their views from text books. It should not cost much. The Senate Land Use Committee was in operation each year from 1957 to 1963. It published a report each year, the cost of the undertaking being the modest sum of $32,700.

When we complete this study of poverty in Canada we should publish a supplementary report and on the cover we should put the picture of that radiant, enthusiastic grade 10 student from Sydney, Cape Breton, who attended our meeting in Halifax and urged us to approach our task from a position of strength rather than weakness. I suggest that if we need a slogan or a motto it should be "Make workfare, not welfare".

On motion of Hon. Mr. Langlois, debate adjourned.

• (2200)

AGRICULTURE

FEDERAL GOVERNMENT POLICY—DEBATE CONTINUED

The Senate resumed from Wednesday, December 1, the adjourned debate on the inquiry of Hon. Mr. Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the federal Government.

Hon. Harry Hays: Honourable senators, I feel that someone should reply to the points raised by Senator Welch in the course of his speech on agricultural policy, particularly as it relates to apples. Because of the lateness of the hour I shall not take long in saying what I wish to say, but I should like to provide some additions and make some corrections for the record.

I am not an apple producer, but I have owned apple orchards and I know something about the industry. In my opinion we were misled by some of the points put forward last week, and I will attempt to correct those.

No one will argue that Canadian apple farmers have things nice and soft, and that they are rolling in money. However, I do not think they are all on the verge of bankruptcy either. No one will argue that the export picture looks rosy right now, but I do not think it is as bad as we have been led to believe.

It is true that Canadian apples have been kept out of some countries, and we think that some of the rules and regulations have been pretty flimsy and unfair. But we have not been standing still on this problem. We have made progress. Just last week, the Government announced that it had persuaded South Africa to allow our apples back into their market. The Government has done the same with New Zealand, and a trial shipment from Nova Scotia is on its way to that country.

We landed those markets for our farmers by sending our disease experts and scientists to those countries to talk to their officials, and they persuaded them that they did not have anything to worry about from Canadian apples. We are making progress in Australia and Japan,

and I agree with Senator Welch that we would be doing a great deal to help our apple farmers if we could tap the Japanese market.

The honourable senator mentioned that there is a duty on our apples sold in the United States, but that we allow United States apples into Canada free of charge. What he failed to tell us was that the United States duty will be dropped completely on January 1, thanks to some hard-nosed bargaining by Canadian officials at talks held recently the Washington. He did not tell us that most of our sales to the United States market start after the new year begins, so that most of our sales to the United States from this year's crop will enter the United States duty-free.

We heard about the problem of apple concentrates flooding the Canadian market, but we did not hear anything about the fact that the Department of National Revenue had put an end to this. Senator Welch mentioned Austria, Greece, Hungary and Switzerland, and I would point out that the National Revenue Department took action on October 13 against those countries, including Bulgaria. The department took firm steps, through the anti-dumping tribunal, to stop that dumping. While on the subject of apple concentrate, I would remind the house that last year the federal Government gave farmers approximately $400,000 to help them meet this competition from imports.

Senator Welch mentioned a number of other problems in international trade, including subsidies received by farmers in France and Europe who competed in our markets. We all know that a trade war is going on, and that some countries are using subsidies and other methods to try to protect their farmers. I do not see how we can correct this problem by jumping on the same bandwagon and adding our own set of restrictions and subsidies. We have nothing to gain, and a lot more to lose, if we do things that will merely step up this trade war.

These nations are now trying to reverse the trend in order to get out of the problem they have created. The OECD is working on this problem and is trying to bring some order into world apple production and marketing. They know that the present merry-go-round of higher and higher subsidies, steeper and steeper trade restrictions, and bigger and bigger losses on export sales cannot continue. There are signs that some countries are coming around, and instead of pushing prices up still higher with even more subsidies, they are starting to pay farmers to cut back production and to rip out orchards.

We are, therefore, heading in the right direction, and when we achieve some common sense in world trade for apples, our Canadian farmers are likely to be sitting in the driver's seat. Farmers in some of the other countries have been getting pretty soft from high prices, subsidies, and protection from Canadian competition. But one day they will wake up to reality and find that Canadian farmers have been improving their industry and making it more efficient. When the smoke screen of their subsidies and trade restrictions is gone—and it is obvious that we must head in that direction—they will have to do a lot of scrambling in order to catch up to Canadian apple growers.

We were told last week that the Government had not done anything for Canadian apple-growers. The Govern-

ment has done a good deal, and I think it is only our sense of fair play in international trade that has kept it from doing more. The Government has hired scientists and equipped research stations to work on problems in our apple industry. In the long run this kind of help and research will be worth a lot more than some short-term subsidy that does not solve any problems, but just creates a few more of its own.

I could recite a long list of research projects that have paid off for apple farmers. There are the award-winning products our scientists have developed, new processing and handling systems, new varieties, new methods of planting, pruning, managing and spraying orchards, disease and pest control programs, and so the list goes on. Anyone who is familiar with the research organization of the Department of Agriculture will know that we spend a very fair share of the total budget on apple research. The same is true of all other services which the department provides for the many producers of different farm products. Apple farmers certainly get their fair share of the total budgets.

We heard a speech of gloom and doom, but the outlook calls for a better year ahead. Apple farmers know that they get the highest prices for fresh apples, and less money for apples that go into processing. This year the market for fresh apples will be better than that of last year, and less of the crop will be sold for processing. So income should improve. Farmers in Ontario stand to gain more than most farmers from this shift to fresh apples, because they should be able to capture a big share of the Prairie market this year.

There are two more points that our honourable colleague did not mention, but which are important if we wish to obtain a complete picture of this industry. First, he did not mention that the federal Government will be giving a grant to the Canadian Horticultural Council, which is to be used to offset the bill apple farmers usually pay for promotion of their crop. That is a lot of money which he overlooked in his speech.

Secondly, I should like to point out that if the federal Government did offer the subsidies that Senator Welch seems to be asking for, our trading partners might impose a countervailing duty against our apple exports. If a countervailing duty prevents us from making export sales, our farmers could actually be hurt instead of helped.

I will not argue the point that Canadian apple farmers do not have problems, but I think it only fair that the whole story be told to show the bright spots as well as the problems. We should give the Government credit for the help it has provided and is providing the industry, and we should try to understand the reasons why the Government may not be able to give all of the help and subsidies it might wish. It is sometimes hamstrung by international trade rules.

Senator Welch called for a royal commission to study the apple industry. I do not think this is necessary. The situation and the facts are quite open, and a royal commission would simply tell us what we already know, and it would be a waste of money. I am willing to agree that we could study some of the factors that would help the apple-growing industry improve profits, but such help is already being provided by several government departments, including the Department of Agriculture. If we keep adding studies, we will need a study group to study all the people who are undertaking studies.

• (2210)

I am satisfied that the record shows the Government is not willing to stand by and watch the whole apple industry go down the drain. The record shows just the opposite. There is plenty of evidence that the Government has spent and is expending large amounts of money and effort in helping the Canadian apple industry.

I point out that there is a difference between the help the apple industry needs and the help the individual apple grower needs. The apple industry may be facing problems, but the apple growers, at least in some areas of Canada, are certainly far from financial ruin, because their land is worth $1,000 or more an acre. Farmers have a perfect right to choose to be apple growers, but that does not mean that the Government should be asked to guarantee that every single grower is to realize a profit.

I believe we should give apple farmers credit for doing a good job. I do not believe they want handouts and welfare payments. I think they want to make a go of it on their own and derive a profit from their apples. As far as I can see, that is exactly what the federal Government is trying to help them do.

There is one further observation I wish to make before I sit down. Sometimes we are not mindful of the fact that Canada is the largest per capita exporter in the world. We export goods to the value of some $750 per person. The next largest exporter is just over $400 per person. With the exception of two or three countries, Canada exports more than she imports, and this makes trading precarious when trying to deal with these people. In my opinion, the Canadian Government and Canada as a whole has done well. I wanted to have these comments on the record because there are two sides to the apple story.

On motion of Hon. Mr. Langlois, for Hon. Mr. Argue, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of document entitled "Evaluation of the Opportunities for Youth Program, 1971", dated December 1971, issued by the Department of the Secretary of State.

Report of the Dominion Bureau of Statistics for the fiscal year ended March 31, 1970, pursuant to section 4(3) of the Statistics Act, chapter 15, Statutes of Canada, 1970-71.

PUBLIC BILLS

SUSPENSION OF RULES—NOTICE OF MOTION STANDS

On the Notice of Motion:

That for the balance of the present Session, Rules 44, 45 and 78 be suspended in so far as they relate to public bills. (Hon. Mr. Langlois.)

Hon. Mr. Haig: Explain.

Hon. Mr. Langlois: Honourable senators, to those who were here last night I gave a word of explanation, which I do not mind repeating at this stage. This is the usual motion introduced at this stage of any session, and it has been the practice for a number of years. Its purpose is to expedite the work of this house at the late stage of any session. The purpose is not so much to go through a number of readings of bills in a great rush, but is to permit this house to give consideration to any measure at the moment it is introduced, without having to delay it for one or two days under the rules. As I have said, it is a customary motion at this stage of the session, and I recommend it to the consideration of this house.

Hon. Jacques Flynn: Honourable senators, I oppose the motion for several reasons. I oppose it firstly for technical reasons. We are told that the rules are to be suspended in connection with public bills. The Senate will remember that the last time such a motion was made we had a problem with a public bill introduced by a private member of this house. In fact, there is a distinction between a public bill as such and a Government bill. I do not want anyone here to propose tomorrow, without prior notice, that the death penalty be re-established.

Hon. Mr. Connolly: Why not?

Hon. Mr. Flynn: I might favour it, but I would probably need a little warning to be able to make up my mind on that. This first objection therefore is a technical one.

• (1410)

The second point is this. This motion is all right, depending on certain circumstances. If, as was suggested by the Leader of the Government yesterday evening, Bill C-259, the so-called fiscal reform bill, comes to us on December 17 at 4 p.m., I am not too sure that I would be prepared to accept that it be dealt with on Friday and Saturday. As far as I am concerned, and as far as this group is concerned, I want to reserve my decision on this. I do not think the Government should move this motion at this time. The Government knows very well that on this side of the house we are willing to co-operate. If the bill reaches us in normal circumstances we will give leave to proceed with it, but I do not think we should be called upon to give such leave in advance.

Furthermore, there is something about the wording of this motion. It says: "For the balance of the present session". Do we know when the session will end? We may be here for another six or seven months.

Hon. Mr. Langlois: We never know. It is a guess.

Hon. Mr. Flynn: The wording of the motion has given me the best argument against the motion itself, better than any that I could put forward myself. If we do not know, we should not be called upon to vote on the motion. I suggest that it be withdrawn, against our assurance that we will not refuse leave to proceed with Bill C-259, unless it comes to us under circumstances that are really impossible to meet, as far as the duties and responsibilities of the Senate are concerned.

Hon. Mr. Langlois: Honourable senators, I have no objection to giving further consideration to this matter, and especially to the technical aspects of it, as mentioned by the Leader of the Opposition. I suggest that the motion stand for today.

Hon. Mr. Flynn: Good.

The Hon. the Speaker: Is it agreed, honourable senators, that this motion stand?

Hon. Senators: Agreed.

Notice of motion stands.

NATIONAL FINANCE

CONSIDERATION OF COMMITTEE REPORT—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(Honourable Senator Martin, P.C.).

Hon. Mr. Martin: Senator Manning.

The Hon. the Speaker: Is it agreed that the honourable Senator Manning speak now instead of the honourable Senator Martin?

Hon. Senators: Agreed.

Hon. Ernest C. Manning: Honourable senators, first of all, I should like to join in the congratulations which have

been extended to Senator Everett, as Chairman of the Standing Senate Committee on National Finance, on the work which the committee accomplished and on the report it has presented to this house.

Those of us who were privileged to be members of the committee were very impressed by the outstanding group of knowledgeable and competent witnesses which Senator Everett and his steering committee arranged to give evidence on the important matter under consideration. It is unnecessary to reiterate what has been said by others who have taken part in this debate or to enlarge on the information contained in the report itself, but I would draw attention to the fact that out of these hearings—and the report itself confirms this—it has been made very clear that there is no single, simple solution to the type of economic problem that confronts us in this country today.

Repeatedly, the witnesses who appeared before the committee dwelled on the dual nature of our present economic problem. On the one hand we are faced with all the difficulties that arise when inflationary pressures are excessive, and, on the other hand, we are faced with the very significant number of unemployed we have in this country at the present time. It was made clear from the evidence given to the committee that there are quite well established traditional procedures for coping with either of these major problems, if the one could be divorced from the other. For example, in a situation of developing widespread unemployment, if that were the only concern it would be relatively simple to expand the credit and money supply of the country in a manner that would stimulate rapid economic growth which quite quickly could absorb the unemployed. Or if the only concern was the existence of inflationary pressures, then a restriction of the national money and credit supply could bring that situation under control fairly quickly.

However, as we all know, the problem that we face in Canada today results from a combination of these two matters. If we take the traditional steps to expand the economy in order to relieve unemployment, we seem inevitably to aggravate the inflationary pressures. If we take the traditional steps to restrict the credit and money supply of the country in order to curb inflation, then we pay a very high price in terms of serious unemployment.

We can say, therefore, that the evidence before the committee revolved round this one major consideration: how can we do both these things successfully at one time? And I repeat the hearings underscored the fact that there is no single, simple answer to a problem of this kind. I suggest that the tendency in many quarters to oversimplify this compound problem is a serious mistake. When governments or politicians, political parties or individuals in the private sector or organizations convey to the public the impression that there is a simple solution to a problem of this nature, they immediately create public expectations, and when it proves impossible to meet those expectations we create an atmosphere which is very unfavourable and in fact can be detrimental to steps we might otherwise be able to take. It seems to be the general conclusion, and it would be not inaccurate to say that the committee report leans in this direction, that what we have to choose in Canada today is a saw-off between these two problems: how much inflation are we prepared to live with, and how much unemployment are we prepared to live with? On the basis of a saw-off between these two things we must decide the levels of economic expansion that we should stimulate or the extent of economic controls that should be imposed.

• (1420)

Personally I am not convinced, at least not fully convinced, that the solution to this problem must of necessity be a saw-off between these two considerations. Out of the hearings and the evidence given by these capable witnesses there emerged rather clearly the fact that we have need in our very highly interrelated economy to try to develop some altogether new techniques that we could bring to bear on these two problems as an alternative to merely saying that we are going to have one or the other and that the best we can do is to decide how to balance one against the other to create a situation which will be tolerable.

I was impressed by the number of witnesses who stressed that there simply was not sufficient research being carried on by government, by educational bodies such as universities or by research groups into the intricacies of the complicated economic structure as we know it at the present time. Repeatedly when these witnesses were asked questions on these matters they would say quite frankly, "Well, we have this opinion or that opinion, but there really has not been sufficient research into the ramifications to be able to come up with a precise answer." Honourable senators, this fact is quite apparent and this is certainly something that could be corrected without great difficulty. In the recommendations and conclusions of the committee we find the following on page xv:

> 3. We recommend the formation of a Commission for Economic Analysis charged with the responsibility of producing short term forecasts and analyses of economic performance. It should be composed of professional economists not representative of any special interest group, who are appointed for a three year term. The commission should be financed by the federal government and be independent.

I regard that as among one of the very important and practical recommendations which the committee has made. Surely in an age in which sophisticated research has proven its value in industry, education, commerce, and in so many other spheres, we should not fall behind in the public sector. We should ensure that there is constant sophisticated research going on in these areas in order to produce what I have referred to as practical new techniques to assist in resolving these dual problems facing us in this country today.

I do not propose to labour this matter further. However, with respect to the committee's recommendation regarding a research body, if the Government accepts this recommendation I hope that within the group of specialists established they would give consideration not only to economists but also include men knowledgeable in the new discipline of cybernetics and in the field of systems analysis. In recent years, these two new disciplines have made a tremendous contribution to the private sector. In the public sector, we have not to any degree applied these disciplines in the field of economics.

National economies are frequently referred to as "national economic systems". The term "system" in modern times has come to mean a set of interrelated components organized to perform prescribed functions. The fact remains, however, that the classic economic models including the keynesian model, do not recognize in a scientific sense the "systems character" of national economies. The problems of managing modern economies include the problems of achieving stabilization, orderly growth, and the idea of self-regulation by means of automatic controls built into the system itself rather than by imposing arbitrary external controls. I think honourable senators will agree that in recent years as economic problems have become more complex there has been a marked tendency to rely on external controls to correct disabilities. And as a result we have seen an increasing number of government regulations, guidelines, ground rules, and controls of one kind or another imposed on the economy or segments of the economy.

• (1430)

This is done with the best of intentions. Perhaps some benefit has been achieved. In the aggregate, however, excessive external controls have made our economy increasingly complex. So many barriers in the way of the free exercise of enterprise and initiative have been imposed that we may well have reached the point of defeating many of the objectives we had hoped to achieve.

In these modern disciplines of systems analysis and cybernetics there is great emphasis on the concept of self-regulation, of developing within the system characteristics through feed-back loops which impose their own restraints on situations which otherwise might get out of hand. To my knowledge, there is no country or government in our modern, industrialized world that has really developed this idea of treating the national economy as a system of inter-related parts, and attempted to build into the system self-regulating features which would relieve the need for regulations and controls.

It seems to me that the time has come for more explicit recognition by Government and economists of both the general systems theory, systems analysis, and the discipline of cybernetics. The latter is concerned with systems stabilization, systems growth, and systems self-regulation or control through the development and use of feed-back loops. At present no nation has developed management strategies for stabilizing its economy, sustaining economic growth or establishing self-regulation by utilizing cybernetic principles. Canada, as a young nation which does not need to fear a little experimentation along these lines, is in a position to give significant leadership in bringing to bear the value of these disciplines on an economic problem which is recognized by all as serious.

I stress this because if the recommendation of the committee with respect to the commission of economic analysts is accepted, it would be my hope that the personnel of that commission would include experts in the fields of systems analysis and cybernetics. Such men could contribute much to the development of the type of techniques to which I have referred, and to the solution of the problems which face us today.

I am pleased, as I am sure are all senators, to see the amount of public interest which this report has created

[Hon. Mr. Manning.]

across Canada. The general reaction has been very favourable. In my view, this emphasizes the valuable work committees of the Senate can perform when given an opportunity to come to grips with public issues of concern to the Canadian people. If we can pursue in other areas the course that was followed with respect to this inquiry, we can make a valuable contribution to the good and welfare of the nation and serve the best interests of its people.

Had I been asked to make any recommendation on further inclusions in the report, I would have been tempted to suggest the addition of a paragraph to the effect that this study is a good example of the practical use that can be made of the expertise found in this assembly. This utilization of Senate expertise is something that should be pursued more vigorously than has been the case to date.

Hon. Keith Laird: Honourable senators, I am prompted to say a few words at this time, particularly in view of the opinions expressed by Senator Manning, to which I listened with interest.

First, I wish to say that Senator Everett, the chairman of this committee, did an outstanding job. All members of the committee, many of whom are present today, will agree with me on that. It was his leadership that promoted the committee's intense activity which is illustrated in the report, the subject matter of this debate.

Unfortunately I did not hear all of the speeches because I was absent from the chamber last week, suffering from the same disability as that experienced by our distinguished colleague, Senator Hayden. However, I have read those speeches, all of which made real contributions, including that of Senator Manning to which we have just listened.

I wish to stress only one aspect of the report. I should like to say in advance that I attended the preliminary hearings of the committee convinced that mandatory wage and price controls were probably the ultimate solution to the problem. By the time the hearings ended I was convinced that this was not so. That conclusion was reached partly after hearing the first witness before the committee, Sir Roy Harrod, the distinguished economist from England.

For the benefit of honourable senators who may not have had time to read the committee's proceedings I shall read from page 15 of May 4, 1971. I asked Sir Roy Harrod the following question:

> As I understand your thesis, you believe that the ultimate sanction is the imposition of wage and price controls. Can you point to any examples in the world where any country has imposed wage and price controls, and has successfully stabilized its economy?

His reply was:

> No, because I do not think they have tried hard enough lately.

In fairness, Sir Roy went on to say he felt that Sir Stafford Cripps made them work for a short period after World War II, but that was the answer from that outstanding exponent of mandatory price and wage controls.

I seem to recall one other witness who was less vigorous about wage and price controls. All the other witnesses gave us good and sound reasons why they would not

work, but I have no intention of examining what they said because I believe Senator Grosart has covered that field thoroughly.

• (1440)

I simply want to point out that a person can begin to work in these committees with one point of view and, if he is at all objective, after listening to the witnesses he may very well end up with a completely different point of view. This is precisely what happened to me.

I read with interest what Senator Buckwold said on this subject and, as the senator who preceded me did, I refer him to what is said at the beginning of the report. At page IX under "Conclusions and Recommendations" there is this:

> The recent economic moves of the United States will have major effects on the Canadian economy. While as a result there may have to be short-term Canadian policy reactions different from our recommendations, this does not invalidate the basic idea of a properly conceived policy to provide maximum long-term stability.

The report then deals with monetary wage and price controls, and rules them out as a permanent solution to this problem. The committee certainly did take cognizance of the fact that for a period it might be necessary, due to the actions of the United States, to resort to such measures.

However, that is a digression from the main point that I wished to make. I repeat, those who preceded me have more or less stolen my thunder; therefore, I have decided to concentrate on one particular point. I trust the house will not think I am infringing on Senator Manning's argument that this problem can be oversimplified, but I feel that there is one aspect of the situation which has not been given sufficient consideration and to which I should like to draw attention.

At page 62, under the sub-heading "Spotlighting", the report says:

> But while we would discourage the promulgation and publicizing of general guidelines by the Prices and Incomes Commission on any sort of a continuing basis we strongly urge the Commission to mount an effective continuing programme of "spotlighting"—of identifying and researching cases of cost and price increases that are out of line by any reasonable standards.

At page 63 it continues:

> Excessive wage and price increases should not only be identified and publicized, they should also be researched and remedies should be recommended.

I suggest to honourable senators that this particular aspect should be emphasized. There is nothing like the glare of publicity to bring a person or an organization into line. The committee has suggested the Prices and Incomes Commission should do this and, as far as I am concerned, they should have powers—extraordinary powers, if necessary—to subpoena documents and witnesses and generally to examine into any situation which, on the face of it, appears to be creating an unreasonable increase in either wages or prices and, having done that, to give it the maximum amount of publicity.

It can be argued that the mass media might not cooperate, but do not forget that the newspapers and broadcasting stations are in the business of making money, and must attract readers or listeners. The ordinary situation is not news. If Joe Doaks lives happily with his wife, who cares? But if Joe Doaks takes a swipe at his wife, then that is news. If there is an extraordinary situation, such as an unreasonable demand for an increase in wages or prices, then the mass media would, I believe, give maximum publicity to it.

I emphasize this because it would promote economic stability. I am thinking in terms of the small businessman, and the person living on a fixed income, who is particularly hurt by inflation, which in turn is caused by excessive price and wage increases. If public attention is focused by suitable publicity of any given unreasonable demand for increases, then that would have a most salutary effect.

Perhaps this is not a very learned discourse compared to what has been said by those who have preceded me—

Hon. Mr. Martin: May I ask the honourable senator a question?

Did the committee give consideration to an alternative proposal for a body to examine price and wage increases which, in the circumstances, were regarded as improper or unfair? Was attention paid, for instance, to the type of institution that existed at the end of the war—the Parliamentary Prices Commission—which sat for two years? Did the committee give consideration to such a commission?

Hon. Mr. Laird: There was a discussion with witnesses and among committee members of the type of body which could best do this. I cannot quote exactly what was said by each witness or by each member of the committee but consideration was given to this. We did receive, of course, a great deal of evidence which was critical of the Prices and Incomes Commission in its present role. I am sure members of the committee will recall that.

I can tell the honourable Leader of the Government that the wording of the report was carefully considered. It was drafted and re-drafted many times. There were many committee meetings *in camera* to consider the report before it was published. As a result of all those discussions we came to the conclusions that this was the logical body. Rightly or wrongly, that is our conclusion.

I am not suggesting we should be dogmatic about it. As a matter of fact, the point I am trying to make is that we often overlook the power of publicity. I am a great believer in directing public attention to matters of this type through the newspapers and broadcasting stations. There is nothing like such action as a means of controlling the conduct of people. People are naturally concerned about what others think of them, and making them look like heels can cause them to act properly in a given situation.

It was my intention also to refer to various newspaper articles commenting on the committee's report, but Senator Grosart jumped the gun on me.

Having read many newspaper reports on the work of the committee, and the favourable and intelligent com-

ment on the report, I feel very proud of having been a small cog in the machine which turned it out.

Hon. Mr. Martin: May I ask Senator Laird another question arising out of his excellent contribution to this debate?

Was attention given to the steps that could be taken to give such a commission effective direction, not only with respect to one section of the private sector but all sections? For instance, it is noteworthy that the commission was able to have very great influence and support from one group in the private sector, but not from another.

• (1450)

Hon. Mr. Laird: That is a good question, and one with which I intended to deal more fully. I am now giving a personal view which arises from my participation in the discussions. In the case of any body of this kind there will always be a situation in which organized groups are monetarily capable of appearing before the board or commission, as the case may be, and making out their case. I am thinking of the labour unions, and such associations as the Canadian Manufacturers' Association.

I am glad to have been asked this question, because I intended to stress the proposition that the PIC should not be subject to the pressure of organized groups; that it should have the power to subpoena witnesses to compel their attendance, and to subpoena documents. It could then take in the broad spectrum of people who would not normally appear before it to make out a case. I think that is the strength of the committee's proposition, on which I have expanded today. Everybody would have a chance of making out a case. If the commission felt any segment of society was being discriminated against or hurt by the actions of another segment of society, it could of its volition take the initiative, hold hearings, and focus attention on the unreasonable course of conduct.

Hon. L. P. Beaubien: Honourable senators, when I congratulated Senator Everett on the excellence of his report he told me that one of the essentials for a good report is to get the expertise so that the committee can examine the subject with people who fully understand it. For this reason, we should congratulate Dr. Gillies, Commander German, and Dr. McQueen on the very useful work they did.

This report has caused me to look more closely at the economy of Canada as it appears to me today. There are two things in Canada that are almost unique. With the discovery of large quantities of oil and gas in Prudhoe Bay and the discovery of a large quantity of gas in the Arctic islands, we have a source of clean fuel, as it is called, which we are quite capable of developing. Unquestionably, if we devoted the time and energy to studying the problem sensibly, there is no reason why we could not put down thousands of miles of gas and oil pipelines, which would be of tremendous benefit to the country for years to come, producing as it would at a reasonable price fuels for which there is an enormous demand, either in our country or in the United States. This development should cost about $4 billion, and would take five or six years to complete. These large expenditures would give an enormous impetus to business all across the land.

[Hon. Mr. Laird.]

At the other end of our country there are five rivers flowing into James Bay capable of producing 14 million megawatts of electric power, which is something in the neighbourhood of one and a half times the output of the Grand Coulee, the biggest hydro-electric dam in the United States. There is a very interesting article on this subject in the latest edition of *Business Week*. This would be a $6 billion development, and would be by far the world's largest power project. Remembering that the St. Lawrence Seaway cost $350 million, we can grasp the sort of thing we are looking at.

If we could get these two developments going in the next few years they would provide us with the impetus we got after the war, when tremendous development took place in Alberta and Saskatchewan with the discovery of oil and the building of pipelines, which really transformed our economy. We are looking at something in the neighbourhood of $10 billion for these two developments, which is enormous. Here are two sources of clean fuel, and no other country in the world is endowed with such wonderful riches.

With all this ahead of us, what is holding us back? One great obstacle at the present time is that we do not seem to be ready to stand on our own two feet and say that this is one country, and that it will stay one country. I am a French-Canadian, a Quebecer, and I understand the problems of the province. I am not trying to be unkind or critical but I would say, because Quebec is situated between the Maritime provinces and the rest of Canada, that if Quebec were to leave Confederation the four Maritime provinces would have no option but to join the United States. There are almost as many people in the four Atlantic provinces as there are in the Province of Quebec, and they should therefore have a say if there is to be any change.

If we look to the Pacific coast what do we see there? The lines of communication in western Canada are north and south, as they are in the Maritime provinces. If Quebec were to pull out of Confederation that would be the end of Canada. In a democracy everyone who is vitally interested should have a vote, so I think the 22 million people who live in Canada should be entitled to a vote if there were any question of Quebec separating from the rest of Canada.

• (1500)

What is wrong at the moment is that some people are making statements which imply that if a small majority in the Province of Quebec were to decide that Canada should be split apart, that decision should be accepted without question by the rest of the country. I say that is an absolute falsehood. Unfortunately, falsehoods, if there are not vigorously denied, end up appearing to be truths if they are repeated often enough. It makes absolutely no sense to allow small-time labour leaders with political ambition to advocate separatism without anyone saying anything to the contrary.

Honourable senators, have we not all sworn allegiance to the Crown, which must mean one Canada? If we have, should we not stand up and be counted?

Hon. Allister Grosart: Honourable senators, the Leader of the Government posed a very interesting question during Senator Laird's equally interesting comments on

the item before us. The leader may have asked the question so as to have this on the record. The committee did consider the proposal that he made, as to whether there should be bodies other than the Prices and Incomes Commission which would be concerned with the problem.

Therefore, I draw his attention to the conclusions and recommendations, which appear on page 86 of the report, where the committee dealt with the role of the Economic Council and of the Prices and Incomes Commission, and pointed out that the role of the Economic Council is largely in long-term economic forecasting and that it was therefore not the most appropriate body to deal with day-to-day or month-to-month problems such as those which arise in connection with unemployment and price instability.

The committee therefore recommended the formation of a Commission for Economic Analysis, which would fill the void in this important necessity of short-term forecasting. It would be a kind of "early warning line" on these problems that come up, very often quite suddenly, in response to unpredicted changes in the economic climate.

Hon. Mr. Martin: Was this to be part of the Economic Council?

Hon. Mr. Grosart: No.

Hon. Mr. Martin: That is what I thought.

Hon. Mr. Grosart: This was to be an entirely separate body, but I deal with it in this context because in the conclusions and recommendations to which I refer, No. 1 deals with the Economic Council. No. 2 reads:

> The Prices and Incomes Commission should become a federal-provincial body—

This is a major recommendation, that it be federal-provincial, rather than merely a federal body.

> —concentrating on identifying and publicly spotlighting price and wage increases that are out of line by reasonable standards.

That is a point which was well made by Senator Laird.

> Its recommendations for removal of the circumstances that made it possible to hurdle the barriers of normal market restraint could then be made to the appropriate government.

Then there is a reference to where this was dealt with in further detail in the report.

The Leader of the Government also asked about the possible role of parliamentary committees. He will be interested to know that the committee's recommendation No. 3, relating to economic analysis, would deal obviously with this kind of problem that arises in connection with unemployment and price instability. Recommendation No. 4 reads:

> Parliament and Parliamentary Committees should be given a more significant role in economic policy-making. The reports of The Economic Council of Canada and The Commission for Economic Analysis should be made to the Privy Council for submission to a Standing Committee of Parliament. Hearings would be held on these reports at which the appropriate Ministers and their officials as well as other witnesses would testify. The Parliamentary Committee should be provided with adequate staff.

While it is true that neither of these new instruments for the continuing consideration of economic policy refer directly to price stability and unemployment, they do appear in the same context with the comments on the Prices and Incomes Commission. So the committee did see them as corollaries to the operation of that commission—which, as I said, the committee sees as being very necessarily a federal-provincial committee, for the obvious reasons of constitutional constraints.

On motion of Hon. Mr. Langlois, debate adjourned.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance with respect to the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1972.

[*Translation*]

Hon. Léopold Langlois: Honourable senators, in submitting to the Senate the report of the Standing Senate Committee on National Finance with respect to the Supplementary Estimates—

The Hon. the Speaker: I wonder whether there has been a motion for adoption of this report by the National Finance Committee. I understand we are dealing with Item No. 4.

Hon. Mr. Flynn: Mr. Speaker, there was no suggestion of adopting the report, but merely of considering it.

Hon. Mr. Langlois: Honourable senators, as I was saying, it will be difficult for me to submit to the Senate the report of the Committee on National Finance which has considered the Supplementary Estimates (A) without anticipating in any way on what I shall have to say, in a few days, I hope, when I introduce the bill providing for parliamentary authorization of the said supplementary estimates.

First, our committee had the privilege to hear as witnesses on the matter before us, the following high officials of the Treasury Board: Mr. Osbaldeston, Deputy Secretary of the Treasury Board and Mr. MacDonald, Director General of Budget Co-ordination.

With the help of those two witnesses, the committee examined the Supplementary Estimates (A) covering—and now you see that I shall have to anticipate on what I shall have to say in a few days—first, funds in the amount of $365,925,284 and, secondly, budgetary estimates of a statutory nature in the amount of $198,111,500, as well as loans, investments and advances of $311,985,001, for a total of $872,021,785.

During the study, the committee was given by the representatives of the Treasury Board, some very important explanations on what we call one dollar items of which there are a total of 18. The details were given to the committee and they are included in the report tabled in this house, and printed as an appendix to our proceedings

on December 2. I draw the attention of honourable senators to paragraph 3 of our report.

• (1510)

I would also draw your attention to paragraph 4 of the report which stresses the very important fact that 60 per cent of the estimates before us at this time—and by estimates, I mean statutory as well as non-statutory items—deal with unemployment measures; this remark is contained in paragraph 4 of our report.

The committee, in the course of its study, asked witnesses from the Treasury Board for a lot of additional information concerning the anticipated distribution of the $80 million item, which we authorized recently, in relation to the Employment Support Act with regard to any measure similar to that now affecting our trade, that is the American 10 per cent surcharge. These additional details, which we requested from the witnesses, will have to include present and anticipated commitments, under this act, by industry and by province, and also employment or jobs affected by such commitments. I am told that this information is being compiled and will probably be provided in the near future.

Furthermore, the committee asked the officials of the Treasury Board to consider again the method, way or form, as you prefer, of preparing the estimates mainly to see whether further details can be provided on the terms, conditions, status and provisions concerning loans, investments and advances contained in main as well as supplementary Estimates. The officials agreed to consider those requests and to report on the feasibility of providing all the information asked for.

Your committee also requested the witnesses of the Treasury Board to provide from now on along with the main and supplementary Estimates the total spending program of the Government, that is the statutory and non-statutory items of the main and supplementary Estimates, including loans, investments and advances of a previously approved nature, if applicable, comparing them from year to year in dollar amounts and in terms of a percentage to the country's GNP, so that anyone interested in the consideration of the estimates may at once see the relation between the total spending program of the government and the anticipated GNP for the current year. I understand that the officials of the Treasury Board are considering the matter and will subsequently submit a report.

Unfortunately, I cannot say any more about that report of our committee, because as I mentioned a while ago, by doing so, I would be afraid of covering to a large extent the points which I will make in a few days when I have the honour of bringing before the House the Supplementary Estimates (A). In conclusion, I will now merely ask the honourable senators to consider kindly the adoption of the said report.

Hon. Mr. Martin: Very well.

[*English*]

The Hon. the Speaker: This is a debatable motion and I will give the floor to honourable senators in a moment. For the present, it is moved by honourable Senator Langlois, seconded by honourable Senator Smith, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Grosart: Honourable senators, I just rise to clarify whether we are on item 3 or item 4.

The Hon. the Speaker: We are on item 4. That is why, right at the beginning, I rose to ask if there was a motion for the adoption of the report. I was informed that there was no question of a motion then. The motion came only at the end of Senator Langlois' remarks. We are now on a motion for the adoption of a report.

Hon. Mr. Grosart: Honourable senators, with leave of the Senate, and notwithstanding Rule 36, I move the adjournment of the debate.

On motion of Hon. Mr. Grosart, debate adjourned.

TAX REFORM

CONSIDERATION OF PRELIMINARY REPORT NO. 2 OF BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM LEGISLATION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.—(Honourable Senator Flynn, P.C.).

Hon. G. Percival Burchill: Honourable senators, I should like to make a few remarks on this Order. I understood from Senator Choquette last night that, if Senator Flynn were not speaking today, I might be permitted to proceed in his place.

Hon. Mr. Flynn: I give way with pleasure.

The Hon. the Speaker: Is it agreed, honourable senators, that honourable Senator Burchill speak now instead of honourable Senator Flynn?

Hon. Senators: Agreed.

Hon. Mr. Burchill: Honourable senators, as a member of the Standing Senate Committee on Banking, Trade and Commerce—if I may borrow an expression from Senator Walker, a very modest member—I join with Senator Walker and those who have preceded me in this debate in the tributes paid to the remarkable performance of the chairman of the committee, Senator Hayden, and the outstanding work he has done in respect of the tax reform legislation and the preliminary reports regarding it which have been presented to the Senate. I heartily subscribe to everything that has been said about the great contribution Senator Hayden has made to the Senate's consideration of this measure, and, indeed, of so many other measures in the past.

The detailed study which was given to every section of this complicated bill, under the guidance of the chairman and his able staff, is evident in the scope of the preliminary reports. Frankly, I have deemed it a privilege to have had the opportunity of sitting under the distinguished chairmanship of Senator Hayden. I am conscious of the opportunity it gave me of hearing the discussions and

listening to the interesting evidence presented on the various sections of the legislation.

• (1520)

I rise this afternoon particularly to support the recommendation with respect to the pulp and paper industry and to endorse everything the chairman said in his comments on the reports. He dealt with the industry as a national industry, one of Canada's greatest exporting industries, one of Canada's greatest employers of labour and an industry that is of tremendous importance to the economic health of the nation. He supported his statement with figures which showed that the Canadian industry is handicapped when trading in international markets because the costs of production of its competitors from the United States and the Scandinavian countries are lower, with one of the reasons for this being that their taxes are lower. This is of special interest to the pulp and paper producing provinces whose economic welfare depends so much on that industry.

We in New Brunswick have a keen interest in this subject because no province depends as much for its well-being and prosperity on the pulp and paper industry as does New Brunswick. When you think of New Brunswick you think of trees, because over 80 per cent of the area of the province consists of forest land. We have 10 pulp and paper mills operating in the province with communities built around these mills. I want to make it clear to the Senate that these companies are now going through very, very difficult times. Several of the mills have been obliged to discontinue a section of their production, at least until market conditions improve. Another mill has been obliged to suspend operations entirely from time to time. Last week the province was shocked at the announcement that Consolidated Bathurst will have to close down a division of its plant in Bathurst in January, throwing 320 men out of work. This number together with 80 men already laid off adds up to 400. I do not have to tell you that this is very bad news for the people of Bathurst and the whole north shore community of New Brunswick, because this mill has been the backbone of that community since it was built 50 years ago. It creates a very grievous situation for families who depend for their livelihood on this mill.

Both federal and provincial authorities are presently studying the situation with labour officials in an effort to find a solution to this tragic problem. I mention this to underline what the chairman of the committee alluded to when commenting on the recommendations in connection with the pulp and paper industry. With market conditions being as they are, surely in the matter of taxes our Canadian pulp and paper industry should be placed on an equal footing with its international competitors.

On motion of Hon. Mr. Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

23351—102½

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

RULES OF THE SENATE

SPEAKER'S RULING ON POINT OF ORDER

The Hon. the Speaker: Honourable senators, on Thursday, November 25, 1971, during the debate on the report of the Standing Senate Committee on Legal and Constitutional Affairs, respecting the examination of the parole system in Canada, the Leader of the Opposition (Hon. Mr. Flynn) suggested that, in the light of the discussion, the proper course would be to adjourn the debate.

Honourable Senator Grosart then claimed that "we have no provision whatsoever in our rules for the adjournment of a debate".

He then quoted Rules 36(1) and 46(c) in support of his contention and added—

> In order to bring ourselves into line with our rules, this might be the time to suggest that, instead of attempting to adjourn a debate, we postpone it to a certain day. This would, I submit, be in keeping with our rules, which I believe is the desire of this chamber.

I have examined quite thoroughly the matter raised by the honourable Senator Grosart. All these rules already mentioned have existed since 1906, and Senate practice shows that Rule 46(h), which provides that no notice is required for the adjournment of a debate, has been used consistently. Rule 46(h) is there. It has become Senate practice and I have no hesitation in ruling that it is perfectly in order to proceed under 46(h).

Honourable Senator Grosart implied that the terms "postponed" and "postponement" in Rules 36(1) and 46(c) are to be interpreted restrictively. This is a contention that I cannot sustain.

In my opinion these rules should be interpreted in the light of continued Senate practice and therefore I must rule that a motion to adjourn a debate is in accordance with Senate rules and practice.

The point raised is an interesting one and I would think that on an appropriate occasion the Standing Senate Committee on Standing Rules and Orders might wish to consider this apparent conflict between Rules 36(1), 46(c) and 46(h).

Hon. Allister Grosart: Mr. Speaker, I need scarcely say that it is not my intention in any way to question Your Honour's ruling, which as usual is wise and very practical. In the latter part of your remarks, Your Honour emphasized the point I was making, namely, that there is an apparent conflict between Rules 36 and 46.

• (1410)

If I may presume to do so, Your Honour, I would compliment you on having made the suggestion that these two rules be brought into harmony. With that no honourable senator could have the least objection, I am quite sure, and I hope Your Honour will forgive me if I suggest that it is important that our rules, taken together, at all times make sense.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

> Copies of Ordinances passed by the Council of the Yukon Territory at its 1971 Third Session, pursuant to section 20(1) of the Yukon Act, chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1971-2654, dated November 30, 1971, approving same. (English text).
>
> Report of the President and Statement of Accounts of the Industrial Development Bank for the fiscal year ended September 30, 1971, pursuant to section 30(4) of the Industrial Development Bank Act, chapter I-9, R.S.C., 1970.

BUSINESS OF THE SENATE

On the Notice of Motion for Adjournment:

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, December 13, 1971, at 8 o'clock in the evening.

I might add at this stage that the Standing Senate Committee on Banking, Trade and Commerce will be sitting on Monday afternoon and it is expected that on Monday evening the supply bill covering Supplementary Estimates (A) will come to us for consideration.

Hon. Mr. Flynn: So far as the Leader of the Government is concerned, is there any change in the prospect that Bill C-259 will reach us before four o'clock on Friday, December 17, 1971?

Hon. Mr. Martin: No. Only this morning I had further confirmation of the accuracy of that prognostication.

Hon. Mr. Langlois: The honourable Leader of the Opposition spent enough time in the other place and has been in this place for a sufficient length of time to know that governments open sessions while oppositions close them.

Hon. Mr. Martin: Very well said.

Hon. Mr. Flynn: I agree with you there, but I think honourable senators understand that if we are coming back on Monday to give consideration to the supply bill it is probably because we are going to be kept busy on Tuesday, Wednesday, Thursday and Friday afternoon until four o'clock, the deadline indicated by the Leader of the Government.

Hon. Mr. Langlois: There is no doubt that we will be kept busy. In any event, as I have already informed the Senate, the Standing Senate Committee on Banking,

Trade and Commerce will be sitting on Monday afternoon and honourable senators will have to be here for that meeting.

Hon. Mr. Flynn: That is something entirely different. The committee could also sit on Tuesday.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Leopold Langlois, with leave of the Senate and notwithstanding Rule 45(1)(h), moved:

That the name of the honourable Senator Thompson be substituted for that of the honourable Senator Petten on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

AGRICULTURE

FEDERAL GOVERNMENT POLICY—ORDER BROUGHT FORWARD

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(Honourable Senator Argue).

Hon. Hazen Argue: Honourable senators, I would ask that the Order of the Day to resume the debate on the inquiry of honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the federal Government, as set down on the Orders of the Day for Tuesday, December 14, 1971, be brought forward and placed on the Orders of the Day for this day.

Hon. Mr. Grosart: Might I ask Senator Argue in what position on the Order Paper for today he wishes to have this order placed?

Hon. Mr. Argue: I am informed by my advisers that it should go last.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Langlois, for the adoption of the report of the Standing Senate Committee on National Finance with respect to the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1972.

Hon. Allister Grosart: Honourable senators, there appears to be some confusion as to what exactly we are dealing with here. This confusion seems to be caused largely by the fact that we have before us the report of our own committee on the supplementary Estimates before those supplementary Estimates have been dealt with in the other place. If I heard him correctly Senator Langlois suggested we will have the appropriation bill to implement the supplementary Estimates on Wednesday next.

Hon. Mr. Langlois: On Monday next.

Hon. Mr. Grosart: On Monday next. To some extent we will be jumping the gun, as Senator Langlois said, by considering the report at this time. However, I think that is one of the improvements the Senate has made in the last few years inasmuch as we now have the Estimates referred to the Standing Senate Committee on National Finance, and the report of that committee in our hands before we receive the bill. The result is that the Senate is aware of what the Estimates contain because they have been considered by the committee.

• (1420)

If it is appropriate, I would like to postpone most of my remarks until we debate the motion for the second reading of the appropriation bill covering Supplementary Estimates (A). As Senator Langlois suggested in his excellent summary of the proceedings of the committee, we dealt with some matters which went beyond the specifics of the numbers in the supplementary Estimates before us.

It might be appropriate at this time to call attention to one or two of these larger subjects dealt with by the committee in its practice of taking an overview of the supplementaries rather than making a detailed examination of them. Senator Langlois has commented on this, but perhaps the most important matter which the committee brought to the attention of the officials appearing before it, and which it is now bringing to the attention of the Senate in this report, is that when we have before us the main Estimates plus the supplementaries we do not have the total spending program of the Government of Canada. We urged the officials to tidy up the highly confusing nomenclature which is used over and over again, and at times results in the presentation of bills which cannot themselves be said to be the fullest possible disclosure.

For example, we have drawn attention to a statement which appeared in a document issued by the Treasury Board entitled "How Your Tax Dollar is Spent" which, incidentally, is an excellent booklet. It indicates that the total spending program of the Government was approximately $14 billion at the beginning of the fiscal year when, in effect, the figures before us in the supplementary Estimates plus the figures in the main Estimates total over $16 billion. The assumption of a layman would be that this amount of $16 billion represents the total spending program of the Government this year. As the officials admitted, this is not so. There are other items that do not appear before us at the time we are asked to approve the main Estimates and the supplementaries.

I feel this committee can make an important contribution to the disclosure of government spending programs if it can convince the officials, and through them the ministers, that any committee which has to approve government spending programs should have before it the total

spending intention of the Government. I repeat that this figure of $16 billion—the total of the main Estimates plus the Supplementary Estimates (A)—is not the total spending program of the Government. I suggest this is important. I have followed the proceedings in the other place and, unless I am mistaken, this fact has never been forcibly drawn to the attention of the minister or the officials. This is referred to in paragraph 9 of the report before us, as follows:

> The committee requested the Treasury Board to provide along with the main Estimates and the supplementary Estimates the total spending program of the federal Government, including all loans, investments and advances of a previously approved nature, comparing them from year to year in dollar amounts and in terms of a percentage of the Gross National Product. Officials of the Treasury Board undertook to examine this matter and to report on the feasibility of providing such information.

Why is such information necessary? Honourable senators, if my recollection is correct, we asked—I believe I asked—the officials when they presented these greatly increased spending Estimates, representing an increase from $15.3 billion to $16.3 billion as a result of these supplementaries, how the deficit will be affected? I pointed out that the cost of financing the present public debt of Canada takes 14 cents out of every tax dollar. Therefore, it seemed reasonable to inquire of those who brought these figures before us on behalf of the Government of Canada—the Treasury Board and the Minister of Finance—as to the effect of the increases on the projected deficit.

It may amaze honourable senators to learn that the officials were not in a position to answer. They appeared before us with figures, and when we inquired of them how those figures would affect the public debt they replied: "We are sorry; we will have to return with that information."

I suggest that this indicates a kind of irresponsibility in the mechanism of disclosure. I choose my words carefully. I am not saying irresponsibility on the part of the Government or the officials as to the effect of spending on the public debt, but irresponsibility as to the mechanism of disclosure.

We emphasized to the officials that it is important that the Minister of Finance and the Treasury Board assume the responsibility of making the fullest possible, most easily understood, disclosure of national finances when they appear before a parliamentary committee. I suggest that this has not been done in the past, either here or in the other place. If this committee, under the able chairmanship of Senator Everett, is able to convince the Minister of Finance, the Treasury Board, and the officials to do this in the future it will have made another useful contribution to the control of the public purse.

We put questions with respect to the loans, investments and advances. A conglomerate of figures appears in the main Estimates and in supplementaries from time to time under this very general heading. I suggest that, to some degree at least, this is a "camouflage" heading.

For example—and we drew this to the attention of the officials—the Estimates, main and supplementary, continue to tabulate the subsidies to the CBC as either loans, investments or advances. Obviously they are nothing of the kind. These are outright subsidies to the CBC and we are still in the ridiculous position every year of voting money to the CBC to pay the interest on last year's vote, which the CBC is not otherwise in a position to pay. I say this is a kind of camouflage, and I am informed that the CBC itself would be very happy to see this changed. Whether one agrees with it in concept or in quantity, the transaction should, at least, be made realistic. There is no chance in the world that we will ever get back the subsidy of $100 million or so a year to the CBC. Why should not the Public Accounts bring this into line with normal accounting practices and regard it as money spent and gone, which it is? I repeat that I believe the CBC would be very happy to see that aspect of its operations made more realistic.

[Hon. Mr. Grosart.]

• (1430)

We also asked—and I do not think this has ever been asked before—that officials bring before us in due course a clear statement of the status of these loans, investments and advances. We said that we should like to know the terms of such loans, investments and advances, the comparative interest rates from one to another, their status, and any that are in default? It would be very interesting to have the real status of such loans, investments and advances to the CBC brought before us in one statement.

We suggested that this was the normal practice that would be followed in any business. It would be unfair to say that the officials were surprised at the request; they were surprised, perhaps, that it should come from a Senate committee. We suggested that in any business operation this was the kind of report that should be given to the board of directors. The committee is hopeful that this addition to the quality of the disclosure that is put before Parliament from time to time will be made.

Report adopted.

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(Honourable Senator Langlois).

Hon. Grattan O'Leary: If no other honourable senator wishes to speak, I will move the adjournment of the debate.

Hon. Mr. Martin: Does that mean that the honourable senator will himself speak on this matter?

Hon. Mr. O'Leary: It means exactly that.

Hon. Mr. Martin: Because I should like to be present to hear his speech.

On motion of Hon. Mr. O'Leary, debate adjourned.

AGRICULTURE

FEDERAL GOVERNMENT POLICY—DEBATE CONTINUED

The Senate resumed from Tuesday, December 7, the adjourned debate on the inquiry of Hon. Mr. Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the federal Government.

Hon. Hazen Argue: Honourable senators, I am speaking now from necessity rather than from desire. I mentioned to Senator Croll that I was going to make a speech in the Senate this afternoon which would be a filler. He replied, "That's okay, all the speeches in the Senate are fillers." He was too modest. In any event, I wish to say a few words on some aspects of the agricultural situation, and perhaps adjourn the debate and conclude my remarks at the next sitting of the Senate. Certainly agriculture has been a controversial subject in the last few months, particularly in the House of Commons where it has been next only to the debate on the tax reform legislation. Great controversy has raged over the grain stabilization bill. This bill came to the House of Commons with stated general support at least in principle by the provinces, farm organizations, and, I believe, by political parties generally. However, it soon became bogged down in a protracted filibuster, and as a result of court action taken by certain farm organizations the Government finally suspended debate on the bill and decided not to proceed with it at this session.

The Assiniboia by-election was held just after this bill had been dropped in the House of Commons, and the resulting vote certainly left little by which the Government could be encouraged. The winning New Democratic candidate received approximately 10,000 votes, the Conservative candidate 8,200, and the Liberal candidate 7,000. The New Democratic party naturally takes a great deal of satisfaction in winning the by-election. The Conservatives say, "Well, we were second. Call a general election and in our strong bid for power we will have a fighting chance to win the Assiniboia constituency." The Liberals say that if the election had been held a month sooner their candidate would have received even fewer votes. Informed Liberals have told me that they were not particularly discouraged by the results, that they felt the vote was a clear indication that the Liberal party must improve its agricultural policies. They predict that if this is done it will be quite possible for the Liberals to win the Assiniboia riding in the next general election.

When you read statements issued by the three political parties they all sound like a research analysis of the stock market. They all sound good; they all sound plausible, but at least as far as the stock market is concerned only one statement can be right. In any event, the controversy over agriculture has made it difficult for political parties to forecast the results on the Prairies of an election. With a federal election in the not-too-distant future, it is a wide open area.

The Senate should endeavour to make positive recommendations of a non-partisan nature, or as non-partisan as we can be, to help solve the agricultural problems. Our informal Council of Prairie Senators has been working under the chairmanship of Senator Sparrow. We will be going out individually and collectively to meet on a non-partisan basis with farm organizations on the Prairies, and we hope to be wise enough to draft recommendations that will be helpful to the development of agricultural policies in Canada.

Farmers everywhere in Canada today are genuinely disturbed. The situation on the Prairies certainly leaves much to be desired. What has been happening in the last couple of years? Prices for Canadian grain have weakened and sales have dropped; there has been a glut of grain. The movement to market was exceedingly small. The farmers had a huge overhang of payments due on cash advances in former years, and there was a very grave cash situation on the Prairies two years ago, a year ago, and even now. However, there are some important improvements, but also some important difficulties that will remain.

• (1440)

A couple of years ago almost everyone in the grain business came to the conclusion that Canada could do much more to promote export sales. Over the years we had been very successful in providing a stable market. The Canadian Wheat Board, under the chairmanship of the now Senator William C. McNamara, did an outstanding job of orderly marketing, maintaining prices and returning to producers the highest possible amount of money for their products. However, we ran into stiff and grave world competition. We ran into trade barriers erected by nations against our products. We were facing increased difficulties in selling into the European Common Market. In this very grave situation the Government, the Canadian Wheat Board, the Canadian Grains Council, and everyone concerned with the grain business, decided that we should do everything possible to develop an increased market for Canadian grain, and all those involved have been working on this with outstanding success.

A year ago, in spite of difficult times, Canada exported the largest quantity of grain in its history, and we are off to an excellent start in this crop year. I have in my hand the latest weekly statistics from the Canadian Grain Commission, which show that from August 1 to December 31, 1971, there was exported from Canada a total of 313 million bushels of all grains, compared with 260 million bushels of all grains in the same period last year. We are thus up 20 per cent in our exports, and this is above what was previously our record export movement of grain. I think congratulations are in order to the Wheat Board, the Board of Grain Commissioners, the railway companies, the cabinet ministers, the farmers, and everyone else connected with the grain business.

This huge increase in the flow of grain to market has shown itself, as would be expected, in an improvement in the cash receipts to Prairie farmers. I take the Province of Saskatchewan because it is the largest grain producing province, and is an indication of the relative picture in Manitoba and Alberta. In the period January to June, 1968, the value of export grains was $512 million; in 1969 this figure had fallen to $307 million, a huge drop. In 1970, for the same period, the figure was $292 million, just a little worse than the very difficult year of 1969. This year, however, 1971, there has been a decided improvement in cash recipts, going up from $292 million to $351 million for

the same period of January to June, an increase of some 20 per cent, or a little more, in cash receipts.

Hon. Mr. Martin: In Saskatchewan.

Hon. Mr. Argue: In Saskatchewan, in this one-year period. Manitoba and Alberta show the same general trend of very substantial increases in cash receipts.

If one walked into a little grocery store on the Prairies—and you can get a lot of good, sound economics by walking into such places—the storekeeper would say, "A year ago, two years ago, it was real difficult. My customers came in and bought the bare necessities, and went out with their carts half full. Now they are beginning to fill their carts again." The small storekeeper in the hamlet where I farm and do my trade said to me, "Hazen, you know, two years ago just before Christmas I sold hundreds of boxes of Japanese oranges. Last year I sold 14 boxes. This year I brought in 50 and I have one left. Farmers are starting to buy oranges again." It was his way of telling me that farmers have a little more money in their pockets this year than they had a year ago.

We are facing stiff competition in the world. Production of grain is up in almost every country, exporting countries as well as importing countries. I have in my hand "Wheat Situation", an issue of the United States Department of Agriculture for November 1971. The first paragraph on page 8 reads:

> 1971 World Crop Larger
>
> World wheat production in 1971 is up about 6 per cent from the 288 million tons of last year, according to preliminary estimates by the Foreign Agriculture Service. Larger crops are expected in all major producing regions except the USSR. Contributing to the increase has been generally favorable weather and expansion of harvested area.

Another paragraph on the same page reads:

> World Trade Likely Down in 1971/72
>
> The larger 1971 wheat harvest, especially in many importing countries, indicates that import demand may be down about 3.6 million tons from the high level of 54.9 million tons in 1970/71.

This is a drop in world trade in the same period of about 7 per cent. Yet the latest statistics show that Canadian exports are increasing in this period more than 20 per cent over last year, while world exports are down. We must take a good deal of satisfaction from the accomplishments of Canadian organizations in the grain business when they have been able to increase Canadian exports of grain, in the light of generally reduced exports of grain throughout the world. This, of course, is reflected all the way down.

Wheat quotas are much higher this year than a year ago. A year ago, probably most farmers were still on what we call the one-bushel quota, or the unit quota. Right now throughout the Prairies, probably all areas are on a general four-bushel quota for spring wheat, a general quota of five bushels an acre for Durum, 10 bushels an acre for barley, and five bushels an acre for flax. Certainly for the first time in the memory of the younger farmers there is not only a quota that gives the farmer the legal right to market his grain, but there is space in the elevators so that he can make physical delivery of the grain. This is something we have not seen, at least to this degree, for many years.

• (1450)

The Honourable Otto Lang decided that there should be a general reduction of wheat stocks held by the elevator companies at local points to make room for the handling of grain. The grain has been able to flow into the elevator system from the farms, and has been taken from the local elevators, at a much more rapid rate. Right now it is possible to deliver grain in most of the areas in the Prairie provinces without having to wait in a line-up. The box cars do not now come in one at a time every second week. By the block system the railway companies, over a given period, concentrate on taking grain from a certain area. The elevator agent, who was accustomed to getting one or two box cars when they were spotted in the past, now gets ten or twelve. He rolls up his sleeves and gets to work and moves the grain out in a hurry. Farmers are able to bring out the grain with a whole lot less difficulty.

But the picture is not all rosy. There are difficulties for the grain producer. The greatest single difficulty facing the grain producer today is the fantastic drop in the selling prices for his grain over the last couple of years.

I make no complaint about the action of those who lowered the prices of Canadian grain in order to meet competition. There is no use in keeping wheat priced at $2 a bushel in Canada if by reducing the price to $1.50 a bushel it can be moved out of the country and sold. So I do not criticize those who felt that they should reduce the prices. But when the prices are reduced, then obviously the farmer who is selling the grain gets a good deal less for his commodity—and there have been major reductions in prices.

When I look around the Senate chamber and see my colleagues who are connected with some of the industrial corporations of Canada—and they are doing a good job for the country—I just wonder how long their companies could last if they had to take, in a very short time, the kind of precipitous drop in grain prices that the agricultural producer has had to accept.

The price of Durum—Senator McNamara will certainly correct me if I am wrong—in the last few years has been up to $2.10 and $2.20 a bushel. Spring wheat has sold from time to time well in excess of $2 a bushel. But the price of No. 1 Northern spring wheat, as of November 22—and I think it is the same today—was $1.67 a bushel, basis Fort William. The price of Durum has been dropping until today it is not $2.20 but $1.54 a bushel out of Fort William.

When the producer has to accept a drop in price of some 70 cents—which is probably a 30 or 40 per cent reduction of his finally realized price—then he is put in a difficult financial position. He has to tighten his belt and curtail his expenditures, and do everything he can to stay in business.

Hon. Mr. O'Leary: What has happened to production costs in the meantime?

Hon. Mr. Argue: They have gone up. I think there is no doubt about that. The farmer has been very efficient. I think agriculture is one of the most efficient industries in the whole country. The farmer does not know anything

about a 40-hour week; he is on an 80-hour week. He works as hard as he can. Twenty years ago, when he had one section of land, he worked as hard as he could. He is now better equipped and he has two sections instead of one, but he is putting in just as many hours as formerly. He has increased his efficiency, and in that sense he has decreased his cost. But at the same time he has to face the increased costs of machinery, taxes, and everything else that goes into the cost of production. Land is the only item that might be said to be reduced in price, but that is another story. Land is not really being either bought or sold at the present time.

Honourable senators, there was a lot of crying that in the proposed stabilization bill the Government was taking away the money that was being paid, or had been paid, under the Temporary Wheat Reserves Act, on account of storage for grain held by the Canadian Wheat Board on July 31 in excess of 178 million bushels. On the average over the years, probably $40 million a year was provided by the federal Government—starting, I think, in 1956 or 1957, under the late Honourable C. D. Howe—to pay the cost of storing wheat. If there was a glut that amount was increased to as much as $60 million, and if there was less of a glut, it went down.

It is estimated that in the near future there will be paid into the Canadian Wheat Board fund, under the Temporary Wheat Reserves Act, because of the reduction of grain stocks, not $40 million but $20 million. So, what the Government was taking away with the one hand, in order to provide a stabilization fund on the other, was a smaller amount of money than that which had been paid out in the past.

There has been such a substantial drop in the selling price of wheat that I would forecast there is going to be a net loss in the wheat accounts this year. Farmers need not look for a final payment because there will not be one, and instead of a surplus in the accounts there will be a deficit. If under the Temporary Wheat Reserves Act $20 million to $30 million goes into the Wheat Board fund on account of storage, that money will be used to pay off any deficit that may exist in the Wheat Board accounts. In other words, the money will be paid but it will be a smaller sum and will not result in an increase in what the producer receives.

This is a further indication of the necessity for re-introduction by the Government, through Parliament, of a stabilization bill that will take into account certain factors not taken into account in the first place and which will make it possible for the federal Government to pay some money to the farmers to help correct a very difficult financial situation that still prevails on the Prairies.

This Government has been exceedingly active in trying to correct the difficulties of the grain business, and we have to give it credit for what it has been able to accomplish. Under the Honourable Mr. Lang and the Honourable Mr. Olson, the elevator congestion has ended. It no longer exists, really. The block system has greatly improved the movement of grain to market. We now have a modified protein grading system for wheat, something we needed for a long time. Our sales and exports have been the best in history. The Government now is attempting to deal with the problem of farmers on small family-sized farms, whose income is low and who may wish to quit farming soon. The Government has announced a plan that will make $150 million available for the purchase of these farms by the Farm Credit Corporation, as agent of the Government. The payments will be made outright or take the form of an annuity. To the normal purchase price of the farm may be added an additional amount that will provide the farmer with a reasonable annuity for the rest of his life.

• (1500)

The Government is acting in this field. I will have further remarks to make when I have had a chance to study the program in detail, but I must say that some kind of program to provide a market for agricultural land is absolutely essential. I know of nothing more depressing to the agricultural industry than for a farmer to be advertising a good farm for sale month after month, even year after year, and being almost willing to take any price but not being able to get a buyer. Land that was selling for $150 an acre two or three years ago is now being offered for $75 an acre without any takers. When farmers find their capital asset having fallen by 50 per cent in two or three years it makes for a very depressed agricultural economy and it is difficult for people to operate in that kind of economy.

Hon. Mr. Rattenbury: May I point out to Senator Argue that small farms in New Brunswick are selling for $12 per acre.

Hon. Mr. Argue: That is even worse than where I come from. Of course, in the example I used the land was the best land. No doubt pasture land would go for far less out west; perhaps not for $12 an acre but certainly for $20 an acre.

Hon. Mr. Rattenbury: In New Brunswick they are turning the farms into small woodlots and are going out of agriculture.

Hon. Mr. Argue: This, too, points up the need for action by the Government to create a land market.

Hon. Mr. Martin: Just on the point Senator Rattenbury has raised, may I ask Senator Argue if he has any comment to make on the new program announced by the Government to assist small farms?

Hon. Mr. Argue: That is what I thought I was doing; but perhaps I am not doing it well. The $150 million program I was referring to is what I have said was announced. I have not been able to study the details of that, but certainly it is a step in the right direction. It is definitely leadership by the federal Government, which I must say has been taking the leadership in this field.

I have in my hand here a long and detailed submission made to the Government by the provinces. I am not sure how I managed to get this document, but I have it and it consists of proposals for a land-backed program. I also have on my desk the federal Government's proposal, which was made six months prior to the provinces' proposal. A comparison of the two shows that the provinces merely copied all the federal program, put in a few amendments of their own and then submitted it to the federal Government and said, "Look, we have a brand new package." The press has said, "Aren't those prov-

inces smart? They all got together and gave the federal Government a policy."

The federal Government can take some satisfaction from that, because in the main it was a support of the original federal proposal with, as you would expect, some modifications of the original. But this, if it is handled cautiously and handled with the welfare of the individual farmer at heart and with his advice in mind, will certainly result in some farmers being able to retire who wish to retire. It may also help some younger farmers, who need to expand their units, to get additional land at a reasonable purchase price or under a long-term rental agreement with an option to purchase. That is being proposed in certain provinces right now.

I have a further suggestion I should like to make with respect to the Farm Improvement Loans Act. I would suggest that the interest rate on money borrowed for the purchase of land should be reduced from its present position of about 7½ per cent to 5 per cent on loans up to $10,000—or $15,000 at the most. Such a reduction would be of much assistance to many young farmers. The suggestion is not radical nor is it far-reaching. Indeed, I think it is conservative, and, if it were put into effect, the young farmer or the small farmer could get a small sum of money—and $10,000 or $15,000 is a small sum in relation to the cost of setting up an economic farm unit—so that he could purchase at least a small parcel of land to improve his economic position. It would help him and it would restore a market in the buying and selling of land, and that is important to the life of the industry. Thus, I think the suggestion would be much welcome. Moreover, I think the subsidy feature would be a very minimal amount.

Honourable senators, I have spoken longer than I intended. I should therefore like to move the adjournment of this debate.

On motion of Hon. Mr. Argue, debate adjourned.

The Senate adjourned until Monday, December 13, 1971, at 8 o'clock in the evening.

THE SENATE

Monday, December 13, 1971

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

APPROPRIATION BILL NO. 4, 1971

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-273, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1972.

Bill read first time.

Hon. Leopold Langlois moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Superintendent of Insurance for Canada on Loan and Trust Companies for the year ended December 31, 1970, pursuant to section 8 of the Department of Insurance Act, chapter I-17, R.S.C., 1970.

Copies of a contract between the Government of Canada and the municipality of Spruce Grove, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter R-9, R.S.C., 1970. (English text).

Report of the Royal Commission on Pilotage (Chairman, The Honourable Mr. Justice Yves Bernier), Part V—Study of Canadian pilotage, Great Lakes System—dated August 5, 1971.

Report on the operation of the Regional Development Incentives Act and on "Special Area" incentives for the month of November 1971, pursuant to section 16 of the said act, chapter R-3, R.S.C., 1970.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, December 8, 1971, pursuant to section 7 of the Regulations Act, chapter R-5, R.S.C., 1970.

TAX REFORM

FINAL REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM LEGISLATION—TABLED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I desire to table the final report of the Standing Senate Committee on Banking, Trade and Commerce on the summary of the 1971 Tax Reform Legislation, and I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*For text of report see Appendix to today's Hansard*].

CONSIDERATION OF FINAL REPORT—DEBATE ADJOURNED

Hon. Mr. Hayden: Honourable senators, with leave of the Senate and notwithstanding Rule 78—and I bow in the direction of Senator Grosart—I ask that this report be considered now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Hayden: I should like to take a short time to explain to you the scope and extent of this final report, and also to review in a very summary way what the work of the Standing Senate Committee on Banking, Trade and Commerce has been following the reference to it of the 1971 Tax Reform Legislation.

First, in connection with the final report itself, as you will find in all final reports, what has been done is reviewed in summary form. For example, in this report you will find a list of all the business concerns which made submissions to the committee, and which appeared to make representations to the committee. You will also find a list of those which made submissions but did not appear.

• (2010)

You will find a reference to certain sessions which I call educational sessions. These took place at the beginning of our consideration and involved really an education of the committee by several persons who are well informed as to the scope and effects of, and the meaning to be attached to, Bill C-259. In the report you will find that we have set out the headings as used in the Summary of 1971 Tax Reform Legislation, and the headings in the bill itself to which the explanations given by these people were addressed. For those who want to read what was said and thus get a first-hand knowledge in summary of the provisions of the bill, we have incorporated what might rightly be called an index by headings with the page numbers of the various items so that they have an easy book of reference.

I should point out too that in dealing with each of these items the two men who conducted this program of education prefaced what they had to say under each heading

with a summary in brief form, in most cases not exceeding half a page or one column in length. In this very summary way they set out the headings together with the scope and effect of the bill under them. If any honourable senator wishes to read what the bill says or what it provides in relation, for instance, to changes in personal tax, he will find that developed in our report at page 35—and our method of marking is to put the page number, a dash and then the actual page. In this case you will find the subject of changes in personal tax in the report at page 35-5 to page 35-16. So it is quite an easy matter to acquire some understanding of it.

You may well say, "Why should I read that? It is too complex." I suggest you should read it because you will find it expressed in ordinary day-to-day language. You will be surprised at the simplicity of the language that is used. During our committee hearings these men who were speaking to us made use of the blackboard to demonstrate with numerous examples, and this was very helpful to the committee because by that means the committee was able to acquire reasonably quickly an understanding of the scope and effect of the bill.

If I might make an observation at this stage I would say that I agree entirely with the statement attributed to Lance Smith, an outstanding chartered accountant and head of a large firm in Toronto, who, when he was speaking to the Institute of Chartered Accountants some time in September, told them that their job was to instruct and advise their clients. He said that the only way in which they could do a proper job was by, first of all, understanding the provisions of this bill themselves, and perhaps they should inform themselves concerning the bill rather than go around making speeches on how complex the bill is. It was wholesome advice because very shortly after that several books were written, and I mention particularly one by Clarkson Gordon & Company, and another by Thorne, Gunn, Helliwell & Christenson, in which in understandable language there is a development of this process.

We invited our witnesses to comment on the question of complexity, and the comments which they made are interesting. I refer to the proceedings of the Standing Senate Committee on Banking, Trade and Commerce, No. 35, dated September 30, 1971, at page 56, where one of the witnesses, Mr. Scace, is reported as saying:

> The difficulty is that they have tried to provide incentives in various ways for small businesses and private companies. Those incentives are in the form of a small business reduction, basically, and the integration feature on investment income. There is no possible way that they could provide these things without it being as complicated as they are. It is a very complicated subject.

On page 57, Mr. Smith adds:

> Perhaps I could just add a word. The complexities come in large measure from the incentives that many taxpayers argued should be preserved, the small business reduction being the most important of them, I suppose. The complexities come from the limits that have been put on it. As you know, the present split rate was a very inefficient incentive, because it was a subsidy to those who did not lack capital necessarily, those whose businesses were not necessarily expanding, as well as those who were, so the limits that have been put on it are designed to make it an incentive for those people who do lack capital in fact, and who are starting out from scratch, the theory being that once they have derived a benefit, a tax reduction that is worth $100,000 to them, that should be it. The government subsidized them to the extent of $100,000, they have got it, so long as they really need it to carry out their active business they can have it, but once they start putting it into portfolio investments, why should they have it? The complexities come from circumscribing the incentives in that way to make it efficient as an incentive.

It is true that the provisions in relation to small businesses and private investment income are very involved. But they become involved out of necessity in an attempt to limit the application of these incentives to those who are entitled to them, and to shut the door to any misuse or extension of that application. In drafting legislation, it is a matter of opinion whether you should attempt to be that exacting, or whether you should deal with the matter generally and deal with situations involving abuse as they develop by amending legislation. There are two schools of thought with regard to that, but the draftsmen here felt that since they were giving an incentive in the way of a tax reduction to small business they should circumscribe it so that only those entitled would get at it.

• (2020)

There you have substantially the complexities contained in the bill. I should point out, also, that contained in it are many "goodies", as I describe them. We have developed those in the final report, without any fanfare or extra words. We have simply enumerated the so-called "goodies". Certainly, the increases in personal exemptions, for a single person from $1,000 to $1,500 and for a married person from $2,000 to $2,850, fall in this category.

On page 3 of the report is to be found an enumeration of the "goodies". Some have described these as a carrot. However, those who receive the benefit, I am sure, will enjoy it and will not care whether it is referred to as a carrot, rose, thorn, or anything else.

Hon. Mr. Flynn: It is better to have a carrot than nothing at all.

Hon. Mr. Hayden: Yes.

Hon. Mr. Flynn: That is what you meant.

Hon. Mr. Hayden: A rose is a rose, no matter by what name you call it; a carrot is an article of food which many people enjoy eating, and it is good in your diet.

Hon. Mr. Flynn: It improves your eyesight, they say.

Hon. Mr. Hayden: Well, it is good for your eyesight, and perhaps we should distribute a few carrots around here.

All I point out is that we should not assume that because we have presented a report containing a number of recommendations under various headings for changes in this bill, changes which we feel are necessary, the bill is devoid of many good things. There are many good things

contained in the bill, and this is the way in which we have to look at it.

When we consider the position of the Senate and the recommendations the committee has made, it should be borne in mind that the committee had a complete background of study, research, and analysis. A very efficient and capable staff, dedicated to helping the committee as much as they possibly could, kept us informed. They were serving no other masters at that time.

The recommendations are included in several reports presented to the Senate, copies of which went to the Department of Finance. Last Friday the minister made a statement in the House of Commons in relation to a number of these recommended amendments. He also appeared before the committee this afternoon, and made a statement in relation to them. I would say that this statement today enlarged considerably on what he had said in the House of Commons on Friday. The chairman had prepared, with the approval of the committee, a list of top priority recommendations.

If honourable senators read the two reports they will see that a number of recommendations are listed, some of which, is the committee's opinion, rank higher in priority than others. It is the committee's view that all the recommendations should be implemented, but that priority should be given to those concerning provisions which adversely affect a large number of people. At the top of the list there were nine items. There were also three requests for further and fuller consideration of items.

I do not propose to review these items in detail now because I developed the substance of the recommendations when presenting the two preliminary reports.

For instance, representations were made on those aspects of the bill which would have the effect of discouraging the making of gifts, bequests and devises in kind—that is, other than by cash—to registered charitable organizations. If a person left something by will to a registered charitable organization, the gift would be valued at that time. If on a subsequent date the charitable organization disposed of that gift and there was a gain on the disposition, the gain would be taxable to the one who made the gift.

Honourable senators can see how impossible that situation would be. A man who makes a disposition of his estate by means of a will measures and determines its liquidity, and in the spirit of good will and charity he may make certain bequests in kind, by way of property or securities. He is then faced with a provision in the law under which at some future date his estate may be charged with a substantial capital gains tax if the charitable organization disposes of that property at a gain over the fair market value at the time the gift was made. The committee felt that it was basically unfair, and that it would tend to discourage that kind of giving.

Hon. Mr. Connolly (Ottawa West): If the estate was wound up it would be that much more complicated.

Hon. Mr. Hayden: I do not know how one would go about winding up an estate in those circumstances. I suppose the answer would be that if there were a tax that became payable subsequently and the distributed assets were in other hands, perhaps the taxing authority could follow through the estate to the beneficiary who had the assets which are now needed to liquidate a liability. In any event, this was considered to be an undesirable, unfortunate, unhappy and, I would say, illogical situation.

I was pleased to hear the Minister of Finance, when he was before the committee today, speak in terms reasonably close to my own thinking. He said that he wished to see this kind of giving continued and encouraged, and was trying to work out a method under the law by which it could be done and where there would not be abuses. I commend the government for that. Obviously there will always be those who attempt to stretch the law to suit their own purposes. If there is to be tax exemption, it should be limited to the deserving. With regard to this item, the principle has been approved. The matter will be taken care of, but the method of implementing it has not yet been settled.

With regard to employee and deferred profit-sharing plans, three recommendations were made and the minister indicated that two of them would be implemented. They have been approved. The third, it will be recalled, concerned capital gains. We stated that in a trust fund which is related to a profit-sharing plan or a deferred profit-sharing plan there may be capital gains on the buying and selling of securities in the year, and that there was no reason why those capital gains should be taxed as income in the fund. It is the same type of a capital gain which any other person might make, and which would only attract half the tax rather than the full marginal rate of income tax. The minister stated that they were looking favourably to doing it in that way. Frankly, I do not see how they can do anything else because it is so deserving.

• (2030)

On passive income—this is the international income situation, and it is a very important area for Canada and the export trade of Canada. I read in the newspaper this morning about a certain meeting which took place at Thunder Bay not so long ago, where the thought was put forward that Canada should forget about export trade; we should not waste time, money or tax concessions on export trade; we should not export our raw minerals but process them. What occurred to me right away is that we do not have enough places in Canada to consume all of the minerals we produce and could process. What do we do with them if we do not encourage export trade? Where do they go? We cannot eat them. There is a great deal of silly economics being preached.

At the committee meeting this afternoon the minister emphasized that export trade was very important to Canada, and he said that he recognized the importance of international trade and international source income. Passive income, as I explained the other day—and I will not take up any time on it now—simply means income in the way of royalties and other sources of income where the transaction ordinarily would take place in Canada but is diverted in order that the income might be received in some tax haven outside of Canada, and then the benefit of it comes back without carrying the load of any taxation. This is what they are trying to reach.

It is true that in the report on the White Paper we dealt with this situation, and our feeling was that there are enough provisions in the law as it exists to deal with that

situation without adding any more. The Government, notwithstanding that, feels that something additional is needed to deal with this tax avoidance which has occurred and still continues to occur in this area.

The definition of passive income is unfortunate in that it fails to recognize the implication of "income from an active business." The legislation seems to proceed on the basis that if you own properties outside of Canada from which you derive rental income, that income would be from an active business. As I said in committee this afternoon, we have a good deal of jurisprudence in Canada in which a distinction is made between income from business and income from property. These decisions hold that rental income from property is not income from business. Therefore, the provisions in the bill do not go as far as they should, when they limit the income that is entitled to flow without being penalized to income from an active business. The concept is not broad enough, and the minister agreed that this is a matter which they must review. They recognize the problems in that regard.

With regard to the *de minimis* rule we have said that instead of every person operating a business outside of Canada, in which a Canadian company has an interest, being concerned with establishing dollars and perhaps searching the records to see whether there is tax exposure, there should be a minimum amount that he does not have to worry about or for which he would not have to do any accounting. They recognize that principle in the bill, but they put that minimum amount at $500 which is an absurdly low figure.

This was the position the Senate took in its report, and the minister in his statement in the other place and in his statement today said that they are examining into this and the recommendations we have made. That does not mean they will make a change, but at least they are looking at it. My own feeling is that if you take any fair and reasonable look at it you will realize how sensible that approach is.

Hon. Mr. Connolly (Ottawa West): Did we say what the minimum rate would be in our report? I forget whether we set a minimum.

Hon. Mr. Hayden: We suggested a minimum amount of, I think, $5,000. Whatever the amount, that is not giving away public money or tax revenues. If there ever was a case that was entitled to have sufficient reserves, this is one case, for non-resident investment in Canada in debt securities, and they have enjoyed an exemption from withholding tax, because they are a tax-exempt organization in the United States. On that basis, the law was amended in 1963 to say that in those circumstances you were entitled to a certificate from the minister and therefore entitled to your exemption from withholding tax.

This is in line with the position you find being promoted today about more nationalism for Canada, saying that Canadians should buy the equity, and if it is decided to let non-residents in they should be forced towards debt securities, and Canadians should enjoy the equity position in development. This was a case where the non-resident investment in Canada was entirely in debt securities. I mentioned in committee the case of Malton Airport. Yet that type of investment is not in any sense a marketable security, because these people, in their position, are interested in security and not income; they are not interested in marketability; they do not look for their profit out of marketability. They finance pension plans for universities, for professors, and underwrite them. There is a big field for that in Canada and the United States—about $120 million in Canada and between $2 bilion and $3 billion in the United States. The whole plan was originally set up by Mr. Carnegie. If there is to be withholding tax, there are other areas where they can go and enjoy exemption. So far as the investment they have, there is a time limit under which they must conform or be subject to tax, and they just could not unload their investment.

The minister did say they were dealing with this situation. They have given this exemption for a period of several years. They are not questioning the merits of this particular transaction. All they are saying is that they want to look around and see that there are not other organizations or other areas where they would give this exemption, others who are not deserving who may ride in on the coat tails of those that are getting exemption here.

• (2040)

We spoke about deemed realization on ceasing to be a resident of Canada. The minister developed that today, indicating there was an area there which related to the transfer of employees, where the employees would leave the United States for Canada, work in Canada for a number of years, then go back to the United States, where the onus or the rigour of this deemed realization on certain securities which a certain person might have, would be lightened. The minister said he was looking into this. This is one of the points we made in our report.

We developed a point on private general insurance companies, and the minister's comment today was that they have to study it and see how far its ramifications go.

There are many other areas in our reports where the minister, if he did not say that they would accept amendments in the form in which we presented them, said they were studying our amendments. He favoured the substance or the principle involved but he said that they had to see what was the best way of doing it.

The one thing I considered that he said no to was the concept of basic herd. He felt that if a farmer sold cattle and made a gain on the sale, that is business income and is subject to tax just the same as in the case of a grocer who sells a product at a profit. He did indicate the extent to which they had gone in dealing with this problem of farming.

We recommended that when a farm passed on from father to son and remained in the family for generations for farming purposes, that the rollover—notwithstanding the increase in fair market value—should not attract any capital gains tax. That was our recommendation.

The amendment proposed by the Government in the House of Commons took a different course. It was that the gain which resulted from a transfer of property where there had been an increase between the fair market value at the time of the transfer and the cost, that that gain could be amortized over a period of six years; in other words, on the basis of the cost of money, etcetera, it would mean paying six instalments on the capital gains tax.

I indicated to the minister today that many farmers felt it could be a longer period, as long as twenty years. Even

while I said it I thought that twenty years is a very long time to amortize, and the minister gave the answer that to amortize over that period of time might make it an unprofitable venture for the farmer as against paying off the tax much earlier. I replied that there may well be an area between six and twenty which may do substantial justice in this particular situation.

Honourable senators, dealing with the recommendation we made in our first report on Caisses Populaires or credit unions, we commented that to the extent that these organizations set up reserves, they are set up out of their profits. These organizations are required by statute to set up reserves on a certain basis, and these reserves are there to protect the depositor. The credit union can never get at these reserves at any time. There is provision in statute law that if there is a liquidation or winding up, the reserves must be distributed to certain designated charities. So the moment they go into reserve they are gone forever from the enjoyment of the company's operation.

What the credit unions said is that in those circumstances the profits that go to make up those reserves should not be reckoned as part of the profits that make up the $400,000 limit that you can accumulate in profits and still retain your position as a small business—and for a small business with a 25 per cent tax rate, and an income limitation of $50,000 a year, that is a preferred position. If those reserves had to be used to measure the accumulation up to $400,000, very quickly the benefit of the small business position would be lost.

The Government introduced certain amendments in the Commons, and these were approved. They accepted our recommendation completely, so it has been disposed of.

In connection with the construction industry, we said that they should be able to make their returns on a basis of completed contract instead of from year to year. That has been the administrative practice in the department for years. The minister assured me in a recent conservation that this position has been dealt with. In checking with the industry, they said that the administrative practice would continue.

We asked the minister about the joint venture in construction works, where the job is too big for one construction company and two, three or more get together and each provides its own equipment, personnel, staff, and financing, under an agreement whereby they share the profits, or, as someone suggested this afternoon, the losses. The construction people suggested that there be an exclusion of this kind of joint venture as a partnership. The minister felt that it would be dangerous to grant such exclusions but he said that it is being looked into. I do not think we could expect more than that, because there is an element of partnership when you agree to share profits.

Hon. Mr. Connolly (Ottawa West): In law. There is an element of partnership, probably arising out of law.

Hon. Mr. Hayden: Yes, if you have an agreement under which you share profits, I should think that, as a matter of law, it would be held to be a partnership agreement. The minister did indicate that rollovers—where a transaction or a transfer of depreciable property, for instance, might ordinarily attract tax—having regard to the personalities involved and the similarity and substance as between the transferor and the transferee, should go without attracting tax. In mergers and consolidations that is very important, and if you did not have that provision it could very well interfere with the proper conduct and operation of the business. The minister indicated in the statement he made in the Commons, and to us today, that they are reviewing this matter carefully because they realize the serious consequences of it.

I could go on with other enumerations, but I think I have amply indicated the attitude of the Department of Finance and the minister in relation to the proposals made. I could mention consolidated returns, which he told the house is being studied. He said that they have to see what effect the granting of that right would have on the tax revenue. Honourable senators will remember the famous illustration I gave the other day of the man who got legal advice and set up 140 hot dog stands and incorporated a separate company for each one of them. Well, he lost money on some and he made money on others, but he could not set off the losses on the profits he made. In other words, on the state of the law he had bad legal advice. If there had been a provision in the law for consolidated returns, he could have put all of them together and offset the losses against the profits so that his taxes overall might have been substantially less. They are looking into this matter and I think it is inevitable that this must come.

• (2050)

I believe that is a sufficient enumeration. We had talked about non-operators and the earned depletion, and the minister did deal with that for a moment today. He said that he realized the position of non-operators who had made certain deals prior to the cut-off date under this bill. They had made certain deals on the basis that there was an automatic depletion allowance and they could trim the terms of their royalty payments to fit in with the automatic depletion allowance they would get. But now the rules are being changed and what the non-operator is saying is that in relation to those transactions which were entered into prior to the cut-off date, or those where the liability was incurred prior to the cut-off date, they should have the benefit of working that out under the law as it existed at the time they made the deal.

You may ask why there should be this enumeration. I make this enumeration because I feel that from the consideration that has been given by the minister and the department there has been a genuine interest in and an acknowledgment of the importance of the work that we have done. I had a number of interviews with the minister, with the knowledge and approval of the committee, and I reported to the committee before and again after my interviews. From those interviews I could see that there was a keen appreciation of the research and analysis that we had done. Indeed, there was an acknowledgment that the work which the Senate did in research and analysis was something that you could not expect to get, or that you would not get, in any other areas of Parliament.

I did not probe to get the answers to that except that I should think you can fairly well assume that the members and staff of the committee were dedicated to the job they were doing and they wanted to do the best job they could possibly do. Moreover, they did have some basic knowl-

edge and foundation with which they could start their endeavours, and they contributed that to dealing with the problem and reaching conclusions. We were happy to do this as a service. I am speaking for myself now, but I am sure that I am also speaking for every member of the committee when I say that the committee was dedicated to this work and had no other interest except that of doing in the public interest the best job that would be possible with all the information available, its assembly of it and its consideration of it and its acceptance of the recommendations made by its staff.

I just want the public, generally, to know what has been done. I am not sure how much they appreciate it, but a great deal of work has been done by the Senate. In committee we have done some heavy, solid work when some of us might have enjoyed a little more leisure. I speak not only for myself in making these remarks; I speak also for Senator Flynn, for example, who, when he might have chosen to occupy all or some of his time in other areas of endeavour, felt that he had to appear in committee to contribute his views—views which were most valuable to the committee. When the call came for a committee meeting all members of the committee were there. This indicates a dedication to duty that the public should know about. However, I am not sure how much they know about the work of the Senate and I am not even sure how much they want to know about it. Nor am I sure to what extent or how fully they are told about it, because it may not be headline news.

Interestingly enough, though, I discovered that something I said the other day was quoted. A few days ago I received a telephone call from a reporter in Ottawa informing me that the Minister of Finance had made a statement in the house on Friday afternoon. The reporter went on to ask me if I had any comment to make on the minister's statement. I said that usually before I make a comment I like to know what the statement is. Well, that seemed to be all right so the reporter proceeded to tell me what the statement was, although he, the reporter, said, "I am not up on these things, so I don't understand these words that the minister used in referring to deferred profit-sharing plans or employees profit-sharing plans or gifts and devises." I said that they meant something to me and he replied then, "What comments do you have to make on that?" I said, "Well, it is really very interesting that the minister indicated his views in support of these particular subject matters, because these are subject matters in which we were very greatly concerned in the Senate and they were part of our recommendations. So I am awfully interested to know that the minister agrees that they are matters that should be dealt with."

Then he said to me that he thought that the minister was showing a very conciliatory tone in dealing with the Senate. I said, "Well, that is interesting, too." I kept thinking of the rousing debate we had here last Tuesday during which there was some heat or warmth on occasion as to any attempt by the Commons to dictate how we should proceed to deal with the business that comes to the Senate. The reporter said, "Have you any comment on that?" And I said, "Yes, I have a comment. If the minister shows in this way how conciliatory he is, I am sure he will find that we can be as conciliatory in matching his conciliatory efforts."

[Mr. Hayden.]

I notice that they quoted that. I do not think I committed the Senate to anything except that we will be conciliatory. I think we showed this afternoon in committee that in developing the various points on which we wanted information there was a real conciliatory tone in the conduct of the meeting and in the questions asked. After all, you can get information without yelling your head off and you can get information without being enraged or worked up. In fact, sometimes the very subtle questions are those that elicit the most informative answers; the person giving the answer afterwards might think to himself, I should have paid much more attention to that question, but it looked harmless.

Honourable senators, we now have to wait until the bill comes over to us. Your Senate committee has finished its work. Unless and until this bill might in the process of time be referred to the committee, the committee as such has no more work to do on these particular things.

Perhaps I overlooked this earlier, but I should tell you that there is attached to this report a list of technical changes. I do not intend to go into that list. It is fairly substantial. It is also in quite an intelligible form; to read it is to understand it, and if you do read it you will see what the purpose is and what we are suggesting is needed by way of amendment. This material will go to the Minister of Finance for his consideration.

I would say that when this material was first collected by us it was substantially larger and included many more sections than the sections which have finally devolved, because in the amendments that were presented in the other place many of these provisions were caught and corrected. These represent ones which in the opinion of our experts, who have studied this thoroughly, had not been picked up. But, if your aim ultimately is to get a good bill in terms of language so that the interpretations are made as clear as possible and will not lead to confusion, there are technical changes that, at some time in some revision of the bill, should be made.

• (2100)

I would not suggest that the nature of these changes is such that you could at any one time introduce a bill for the purpose of carrying them out. What is usually done is this; when a bill is introduced and there is found to be a need for changes of this nature, the opportunity is taken on the presentation of an amending bill on some substantial matter to put forward some of these changes. I presume the attitude is that you can live without the changes, but you can live better with them so far as interpretation is concerned, and in so far as they relate to the problems that people may have.

I should tell you one other thing, honourable senators, that may seem strange, and that is that the committee has been getting some fan mail. It is not at all like the fan mail received by movie performers. It comes from people who appeared before the committee, and indicates how satisfied they are with the consideration and understanding given to their problems. In some instances they refer to our reports and the recommendations which we have made.

I mentioned to you earlier the pulp and paper industry on which we spent some considerable time because we felt it was a substantial industry which employs a consid-

erable number of people, and whose well-being, since it is a large exporting industry, is essential to the national health in an economic sense. The industry was having considerable financial problems, some of them due to tax disadvantages and some undoubtedly due to overcapacity. However, we spent a considerable amount of time on it, and worked out some recommendations. Since that time the industry has had sessions with the Government and a number of ministers. As a result I have received a very interesting note. While I do not wish to burden you with our fan mail, I thought you might find this letter interesting. It is addressed to me, and it reads as follows:

Dear Senator Hayden:

Our industry is most impressed with the recommendations your Committee made on our behalf in your deliberations on the Tax Reform Bill. Thank you for listening to us and for your concern.

I am sure you will be interested to know that a small group of us met with nine Cabinet Ministers on Monday morning of this week to review the problems of our industry. Because of your report and continuing pressure from this important industry in Canada, for the first time Mr. Benson did not turn us off out of hand and he told us his Department would give our submission most serious thought.

Hon. Mr. Burchill: Who signed the letter?

Hon. Mr. Hayden: Mr. Bell, President of the Abitibi Paper Company Ltd. He appeared before our committee. There were also letters from the co-operative organizations, Hollinger Mines, and others. This is just an acknowledgment of what we had done. Now we did not do the things we did, nor did we treat the people in the way we did, simply because we were inviting them to write and tell us what wonderful people we were. We did it because it was part of our job, and because we thought they were entitled, as indeed they are entitled, to come and tell us their problems. But it is gratifying to find that there are people who appreciate the effort put into things, and who are prepared to go out of their way to say so.

Honourable senators, having gone through all that and having just touched on the substance of the bill, there is one other thing I want to refer to on a lighter note. I read everywhere in the papers about this terrific bill, C-259, consisting of 708 pages. It is pictured as being really a fantastic bill. But it is a combination of the French and English versions and, therefore, to get an idea of the size of the bill you have to divide the number of pages by two. It is really a bill of some 350 pages.

I recalled that I have seen larger bills than that in front of me during the time I have been in the Senate, and so I did some delving and I found one which in English only contained 572 pages. We heard no complaints about that. I am referring to the Canada Shipping Act. I can remember sitting through the hearing of evidence on that bill back in 1951 and 1952.

I mention this, honourable senators, because I do not think it is fair, logical, or sensible to criticize a bill simply because it is composed of three pages instead of one, or 20 pages instead of 10. What one has to look at is the scope of the bill. I think this bill is much larger in volume than it might otherwise have been, but if the intention is to circumscribe some of the goodies so that their benefit is confined to those people who are strictly entitled to them—and this applies particularly to the small business and private investment income provisions—then perhaps the number of sections is justified.

Honourable senators, you have been very patient, and I thank you very much.

Hon. Jacques Flynn: Honourable senators, Senator Hayden has spoken on what he termed the third and final report of the Standing Senate Committee on Banking, Trade and Commerce on the 1971 tax reform legislation. He has also said that the committee had completed its work. There are two reasons for that. The first is that the terms of reference to the committee were limited. The committee was not to deal with the principle or principles of Bill C-259, but was only to consider whether the bill would achieve what it was intended to achieve in many respects.

The second reason, which has now become quite obvious for this being the final report and for the committee having completed its work, is that the bill will reach us, whether we like it or not, on Friday, December 17, at four o'clock in the afternoon at the latest, and there is no hope of getting it before them. Whether the committee could do any more work on this bill between now and then is doubtful; I do not think it could do anything useful. But I suggest to Senator Hayden and to other members of the committee that if we had had time, even within the limited terms of reference, we could have continued to study this bill and the many problems involved in it, including, I suggest, the technical amendments that are part of the final report and which will be printed for the benefit of honourable senators in the *Debates of the Senate* and the *Minutes of the Proceedings* of this date.

• (2110)

Senator Hayden said that the Minister of Finance was at the committee meeting this afternoon and expressed sympathy and understanding concerning the recommendations made by the committee in its two reports to date. The minister had not seen the third report before he appeared this afternoon, only the first two. He informed us that some time next year we would have an amending bill and that very sympathetic consideration would be given to the Committee's recommendations. I agree generally with what the chairman of the committee said regarding the commitment made by the Minister of Finance, but I would like an opportunity to read the minister's evidence in today's committee proceedings. I commend the chairman for having arranged to have these proceedings printed as quickly as possible for the benefit of all honourable senators.

I am in full agreement with the chairman that the committee has done extensive work on this legislation. It has been working on it for nearly three years. There is no doubt that the fiscal reform which was begun by the Carter Commission is the subject of much debate and has been for nearly eight years. Then the White Paper appeared two or three years ago. We received this bill last summer and since that time the Standing Senate Committee on Banking, Trade and Commerce, the committee of the other place, and many other people have been con-

cerned with this legislation. We cannot praise too highly the work of our committee, and especially the chairman.

However, I do not agree with the chairman when he says that this bill, although it contains some 700 pages, is not as difficult to understand as it might appear. He said he has seen larger bills, such as the Canada Shipping Act, but I do not think you can compare the two. The Canada Shipping Act, although highly technical, deals mainly with navigation, but the Income Tax Act concerns all Canadians. This country has been dealing with fiscal reform since 1917, an accumulated experience of 54 years, and it is not a simple matter to scrap all that and replace it with what is almost entirely new legislation. We are dealing with a very complex and important matter. I doubt whether Parliament has had a more important issue before it in the last 50 years than the one it is facing now. I shall say more on this subject when the bill reaches the Senate.

Having praised the work of the committee, I should like to draw a distinction between the reports which the Standing Senate Committee on Banking, Trade and Commerce has made and the opinions expressed in the report on the White Paper of 1969. We are not considering exclusively the recommendations made by this committee in its three reports, but also the entire tax reform legislation with all its difficulties and complexities which have been outlined over the past eight years. The committee did not express an opinion on the principle of the bill. It dealt only with technical problems.

Therefore, the question which the Senate will face when the bill comes to it on Friday next at four o'clock in the afternoon or, if you prefer, the sixteenth hour—and this is only two hours before the projected time for adjournment of the House of Commons—is whether it will deal with the bill in its entirety, not restricting itself to the three reports of the Standing Senate Committee on Banking, Trade and Commerce, in an endeavour to obtain royal assent by six o'clock on Friday, or take two, three, four or five days and just appear to be dealing with the matter. If we are going to have a thorough debate on this bill, I suggest in all sincerity that we cannot complete it in less than three weeks, and we should not be expected to deal with it before the Christmas recess at a time when no one is in the mood for such a debate, or to do the highly technical and difficult work involved. This is really the problem facing the Senate. I suggest that the choice on Friday will be one of giving the bill quick passage in two hours or taking our time and devoting three weeks or a month to it. To attempt to appear to be doing a job in three, four, or five days, or even sitting until December 31, as suggested by the Leader of the Government, is simply ridiculous and obtuse, and I will not go along with it.

• (2120)

If the Government wishes a good job done, it will have to agree to one dealing with the bill in due course in normal circumstances. If it wishes to impose closure here, as it has done in the other place, it has only to say so. The bill will then receive royal assent on Friday at 1800 hours, and it will then be the responsibility of this Government and this huge Liberal majority.

That is all I have to say for the time being.

[Mr. Flynn.]

On motion of Hon. Mr. Connolly (Ottawa West), debate adjourned.

APPROPRIATION BILL NO. 4, 1971

SECOND READING—DEBATE ADJOURNED

Hon. Leopold Langlois moved the second reading of Bill C-273, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1972.

He said: Honourable senators, before I proceed with my remarks regarding Bill C-273, I wish to draw the attention of honourable senators to two documents which I caused to be distributed at the commencement of this sitting. One of these documents is a statement entitled "Supply, 1971-72" which summarizes two previous Appropriation Acts passed at this session, Appropriation Act No. 1 and Appropriation Act No. 3, and a summary of the present bill. The second document is entitled "Estimates, 1971-72" which summarizes budgetary and non-budgetary expenditures, including loans, investments and advances, but excluding Old Age Security payments. The total expenditures amount to $16,212,940,921.

As I remarked the other day when I had occasion to speak with reference to the report of the Standing Senate Committee on National Finance which studied Bill C-273, it is quite difficult for me tonight to speak on this bill without duplicating the remarks I made on that occasion. I would like to start, however, by reminding honourable senators that royal assent has already been given to two supply bills covering Estimates for the current year. The first provided interim supply for the months of April, May and June. The second, assented to on June 23, 1971, provided full supply for the balance of the main Estimates for 1971-72.

The bill introduced today provides for full supply of Supplementary Estimates (A) for 1971-72. These Estimates consist of $361,925,284 in budgetary items, and $311,985,001 in non-budgetary (loans, investments and advances) items.

The Estimates tabled to date consist of budgetary expenditures of $14,912,260,045, and loans, investments and advances of $1,300,680,876, for a total of $16,212,940,921, or an increase of 6 per cent over the original main Estimates for 1970-71.

Supplementary Estimates (A) were referred to the Standing Senate Committee on National Finance on November 24, 1971, and they were discussed in committee with senior officers from the Treasury Board on December 2.

The form of this bill is the same as that passed in previous years. No additional borrowing authority is requested since the first supply bill for the current fiscal year provided sufficient borrowing authority in the amount of $3 billion.

Honourable senators, the greater part, or about 60 per cent, of the budgetary expenditures in these Estimates is the provision of funds for measures to combat unemployment. First, there is an item of $25 million in the Estimates for the Secretary of State to cover the Opportunities for Youth Program of last summer, and $7 million for other items related to the employment of students last summer.

Secondly, with relation to winter unemployment, these Estimates include the following:

In the Estimates for Manpower and Immigration:

$100 million for the Local Initiatives Program

$ 20 million for on-the-job training

$ 15 million for additions to the regular manpower training program;

In the Estimates for Industry, Trade and Commerce:

$80 million for the statutory provision for grants under the Employment Support Act; and

In the Estimates of many departments:

$80 million for "federal labour-intensive projects".

I should also like to draw to the attention of honourable senators certain items on the non-budgetary side of the Estimates which include $160.5 million to finance loans to the provinces and for agriculture, and $10 million to institute a program of loans for multi-purpose exhibitions, both loan items being directed to the creation of employment. The total of these two, $170.5 million, accounts for 55 per cent of the non-budgetary portion of the Estimates.

• (2130)

The only large non-statutory items in these Estimates, other than those I have already mentioned, are: $21 million to implement the first of two steps to achieve pay parity in the armed forces; $10 million to cover losses in coal mining incurred by the Cape Breton Development Corporation; $22 million for relief for Pakistani refugees; a loan to Atomic Energy of Canada Limited in connection with the rehabilitation of Deuterium of Canada Limited for $95 million, and $32 million in loans under the Automotive Adjustment Assistance Program.

These Estimates continue a practice instituted in the fiscal year 1968-69, as honourable senators will recall, of seeking to finance supplementary Estimates items through complete or partial offsets in other votes in the same program or other programs of the same ministry where funds can be made available through the exercise of restraint or where changed circumstances permit lower expenditures. The complete offsets are treated as $1 items in order to bring them before Parliament for authorization. There are three such instances in the bill.

In addition, the supplementary Estimates contain a further 15 $1 items. At this point I remind honourable senators that a complete list with details of these 18 $1 items were tabled as an appendix to *Hansard* and of the *Minutes of the Proceedings* of this chamber and formed part of the record on December 2 last. Seven of these items may be said to be legislative in character, in that they extend the period or range of application of some legislation, change the financial limitations in existing legislation, or authorize the deletion of certain debts. The balance of the items cover expenditures for grants. These latter items were included in order to meet the requirement that grants be listed in the Estimates whether or not additional appropriations are sought.

Honourable senators, I think I have covered the most important features of this piece of legislation, which I commend to your consideration.

Hon. Mr. Grosart: I should like to ask the sponsor of the bill two questions. First, would he relate the total spending intention of the Government of $16.2 million to the equivalent figure for last year? He will know why I use the phrase "equivalent figure". Secondly, what will be the balance of revenue and anticipated expenditure at the end of the fiscal year? In other words, will we have a deficit, and, if so, how much?

Hon. Mr. Langlois: In reply to the first question, if I heard it correctly, the answer can be found in the document entitled "Estimates, 1971-72," which I caused to be distributed at the commencement of this sitting. The honourable senator will find contained in it the ingredients that make up the figure of $16,212,940,921 which, as I mentioned during my current presentation, represents a 6 per cent increase over total expenditure last year.

In reply to the second question, a deficit is envisaged, but at this moment I cannot give the exact figure.

On motion of Hon. Mr. Grosart, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See page 1587)

Standing Senate Committee on Banking, Trade and Commerce

Final Report

on

the Summary of 1971

Tax Reform Legislation

The Honourable Salter A. Hayden, Q.C., Chairman

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Salter A. Hayden, *Chairman*

The Honourable Senators,

Aird	Grosart
Beaubien	Haig
Benidickson	Hayden
Blois	Hays
Burchill	Isnor
Carter	Lang
Choquette	Macnaughton
Connolly (*Ottawa West*)	Molson
Cook	Smith
Croll	Sullivan
Desruisseaux	Walker
Everett	Welch
Gélinas	White
Giguère	Willis—(28)

Ex officio members: Flynn and Martin

(Quorum 7)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, September 14, 1971:

"With leave of the Senate,

The Honourable Senator Hayden moved, seconded by the Honourable Senator Denis, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative."

Robert Fortier,
Clerk of the Senate.

Monday, December 13, 1971.

The Standing Senate Committee on Banking, Trade and Commerce, having completed its examination and consideration of the Summary of 1971 Tax Reform Legislation and bills based on the Budget Resolutions in accordance with its terms of reference of September 14, 1971, now makes its final Report, as follows:

Two earlier reports called Preliminary Report and Preliminary Report No. 2 were tabled in the Senate on November 4, 1971, and November 30, 1971, respectively.

Attached to this Report is a statement prepared by our advisers setting out the technical changes required in Bill C-259 to clarify or correct the language of many provisions of the said bill.

Also attached is a list of the persons who made submissions to and appeared before your Committee to present their case for changes in the said Bill to avoid hardship in their operations. There is also set out a list of those who made submissions but did not personally appear.

Earlier today your Committee held its final meeting in connection with the reference made to it by the Senate. At this meeting the Minister of Finance appeared in response to an invitation extended by your Committee. Prior thereto the Chairman, with the approval of the Committee had several interviews with the Minister of Finance to discuss the recommendations made by the Committee in its several reports to the Senate and to obtain, if possible, some indication of the attitude of the Minister in relation thereto.

With the approval of the Committee, a list of top priority items among the recommendations in our two Reports was submitted to the Minister, together with amendments which in the view of our expert advisers and our Committee would incorporate the substance of the top priority recommendations contained in your Committee's Reports. This list is also attached hereto. In speaking by way of explanation to the Senate, the Chairman of the Committee will discuss these items indicating how many have already been dealt with and the reaction of the Minister to other of these items expressed in the House of Commons on December 10, 1971, and to your Standing Committee earlier this day.

The Minister of Finance stated in the House of Commons and before our Committee that an amending Bill would be put forward in the next session. In the House of Commons he said:

> There are a number of areas that the Government is actively studying at this time and I want to give the House some indication of our present thinking.... there will undoubtedly be a number of important amendments introduced next year and I think it is only fair that people should be aware of the direction of our planning.

In the Committee the Minister repeated what he said in the House of Commons and dealt in a particular way with the subject matter of the recommendations in your Committee's several Reports. These will be referred to in the course of the explanations given by the Chairman and will appear in the printed report of proceedings this day of the Committee.

Your Committee would direct your attention to the printed reports of its proceedings, particularly numbers 35 and 39. There you will find clear explanations of the principal subjects dealt with in Bill C-259, namely:

(1) Changes in personal Tax	Report P. 35-5 to P. 35-16
(2) Capital gains (with Summary at P. 35-16)	Report P. 35-16 to P. 35-42
(3) Valuation and Tax Free Zone	Report P. 35-39 to 40
(4) Partnerships and Professional Income	Report P. 35-43 to 51
(5) Corporations and Distributions to Shareholders	Report P. 35-51 to 61
(6) Dividend Tax Credit	Report P. 35-52
(7) Small Business	Report P. 35-54
(8) Inter Corporate Dividends	Report P. 35-54
(9) Designated Surplus	Report P. 35-54 to 55
(10) Investment Income of Private Companies	Report P. 35-55
(11) Complexity	Report P. 35-56 and 57
(12) International	Report P. 35-17 to 25
(13) Taxation with Summary	Report P. 39-17
(14) Estates and Death Duties (Summary at P. 39-5) and Trusts	Report P. 39-5 to 16

The above references are to a series of lectures or explanations on the various provisions of Bill C-259 with section references. Your Committee wishes to express its great appreciation to Mr. Arthur R.A. Scace and Mr. Stephen Smith for their assistance. It should be noted that their services were given without remuneration—expressly so stipulated.

In many of its aspects this Bill C-259 is very beneficial to taxpayers in Canada. The elimination from the tax rolls was estimated in 1970 at approximately 750,000 persons* now subject to tax and the increase in personal exemptions of all the taxpayers, the improved deductions for wage and salary earners, the incentives to small business, the deductibility of interest on money borrowed by one company to buy shares in another company, the ability of a corporation to distribute its 1971 undistributed income on hand on payment of a special 15% tax and thereupon to distribute without further tax its 1971 capital surplus on hand, the elimination of gift taxes and estate taxes, the continuance of dividend tax credit although different in form but beneficial—all these are some of the beneficial features of Bill C-259.

*Source: Senate Report on White Paper Proposals for Tax Reform.

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In addition to the above sources of information available to Senators, Senate *Hansard* of November 24 and December 1, 1971, contain statements in narrative form of the meaning and scope and effect of the various provisions in Bill C-259 referred to in the several reports of your Committee.

Further, however, there is the Report of your Committee to the Senate on the White Paper Proposals for Tax Reform, dated September 1970. Therein you will find all the subject matter of the White Paper Proposals dealt with. Many of the headings are carried through to the Summary of 1971 Tax Reform Legislation and Bill C-259.

Your Committee wishes to acknowledge in a particular way the contribution of the Honourable Lazarus Phillips to our study of this Tax Reform Legislation and Bill C-259 as Chief Counsel to the Committee. You will recall he was Vice-Chairman of the Committee in its study of the White Paper Proposals. In the drafting of the Report of the Senate thereon, and in the preparation of the several reports of the Committee on its examination and consideration of Bill C-259, his advice and direction were invaluable.

Mr. Alan Irving and Mr. Douglas Ewens were part of our team of legal advisers. We were very fortunate in securing Mr. Irving's services at this time as he had worked with your Committee throughout the study of White Paper Proposals. Mr. Ewen's services were valuable to your Committee in the analysis of the submissions received and as an adviser to the Chairman. Both these men worked on the preparation of our several Reports and in the drafting of amendments. We wish to acknowledge the skill and judgment they brought to bear on the consideration of these matters.

Your Committee retained the services of Mr. Albert Poissant and Mr. Charles B. Mitchell, senior partners in the accounting firm of Thorne, Gunn, Helliwell and Christenson. Their services were invaluable in every phase of the work of your Committee.

As a result of all this work and the information thereby available to Senators, the consideration of this bill should be greatly facilitated. The introduction of an amending bill next year, which the Minister's statement would indicate, will afford the opportunity to the Senate to propose further amendments at that time, the nature and extent of which may be governed by such further and amending provisions as are incorporated in the amending bill.

Respectfully submitted,

Salter A. Hayden,
Chairman.

APPENDIX "A"

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

SUBJECT: Summary of 1971 Tax Reform Legislation

BRIEFS SUBMITTED AND HEARD BY THE COMMITTEE

Date	Proceeding Number	
October 6, 1971	36	The Canadian Chamber of Commerce.
October 13, 1971	40 (A.M.)	Canadian Federation of Agriculture.
October 13, 1971	40 (P.M.)	Canadian Construction Association.
October 14, 1971	41	National Association of Canadian Credit Unions; Co-Operative Union of Canada; Allstate Insurance Company of Canada.
October 20, 1971	42 (A.M.)	Massey-Ferguson; Canadian Jewish Congress.
October 20, 1971	42 (P.M.)	Aluminium Company of Canada Limited.
October 21, 1971	43 (A.M.)	Canadian Bar Association.
October 21, 1971	43 (P.M.)	Simpsons Sears Ltd. and Simpsons Limited; Independent Petroleum Association of Canada.
October 27, 1971	44 (A.M.)	Noranda Mines Limited; Bethlehem Copper Corporation Ltd.; The Canadian Gas Association.
October 27, 1971	44 (P.M.)	ad hoc Committee of Voluntary Agencies.
October 28, 1971	45 (A.M.)	Canadian Petroleum Association; Mining Association of Canada; The Canadian Mutual Funds Association.
October 28, 1971	45 (P.M.)	The Canadian Pulp and Paper Association.
November 3, 1971	46 (A.M.)	Hollinger Mines Limited; The Canadian Life Insurance Association; Dominion Foundries and Steel Limited.
November 3, 1971	46 (P.M.)	The Canadian Institute of Chartered Accountants.
November 3, 1971	8:00 (P.M.)	*In camera Meeting.*
November 10, 1971	49	Institute of Profit Sharing; Insurance Bureau of Canada; The Royal Architectural Institute of Canada; Teachers Insurance and Annuity Association of America; Mining Association of British Columbia; Texaco Canada Limited.

BRIEFS SUBMITTED BUT NOT HEARD BY THE COMMITTEE

Investment Dealers Association of Canada;
Canadian International Power Company Limited;
Trans Canada PipeLine Limited;
Trust Companies Association of Canada;
Vancouver Board of Trade;
John Labatt Limited.

September 29, 1971 and September 30, 1971	Education Sessions on Bill C-259 with Messrs. Scace and Smith.

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APPENDIX "B"

Top Priority Recommendations by the STANDING COMMITTEE ON BANKING TRADE AND COMMERCE OF THE SENATE in its consideration of the Summary of 1971 Tax Reform Legislation.

1. Gifts, Bequests and Devises to Charities (1st Senate Report P. 47-10)
2. Employees Profit Sharing Plans (1st Senate Report P. 47-8)
3. Deferred Profit Sharing Plans (1st Senate Report P. 47-8)
4. Passive Income (1st Senate Report P. 47-5)
5. De Minimis Rule (1st Senate Report P. 47-7)
6. Tax-Exempt Non-resident Investors (2nd Senate Report P. 50-7)
7. Non-Resident owned Investment Corporations (2nd Senate Report P. 50-9)
8. Private General Insurance Corporations (2nd Senate Report P. 50-10)
9. Deemed Realization on Ceasing to be a Resident of Canada (1st. Senate Report P. 47-9)

Secondly—An Assurance that further consideration will be given to items recommended in the Senate Reports but not set out in the list of Top Priority Recommendations, more particularly in relation to rollovers (1st Senate Report P. 47-4) Consolidated Returns (1st Senate Report P. 47-15) Mining and Petroleum (1st Senate Report P. 47-10) (2nd Senate Report P. 50-8).

APPENDIX "C"

TAXATION OF INDIVIDUALS

1. Section 6(1)(e) and 15(5)—standby charge for automobile

Section 15(6) provides that the formula set out in Section 6(2) for determining the amount that would be a reasonable standby charge for an automobile that was made available to an employee by his employer shall also apply where a company car has been made available to a shareholder. These subsections fail to consider the situation where one car is made available for several shareholders and/or employees and appropriate amendments should be made.

2. Section 62(3)—Moving expenses (C.I.C.A.)

Subsection (3) of Section 62 provides that the cost of cancelling a lease on one's residence is an allowable moving expense for purposes of determining the amount deductible under Section 62(1) in respect of expenses incurred in moving to a new work location. There is no similar provision for bona fide costs incurred in connection with the assignment of such a lease. As all landlords may not be prepared to cancel a taxpayer's lease and the taxpayer may therefore be forced to sublet (incurring costs in connection therewith), the definition of the term "moving expenses' should be extended by amending paragraph (d) of Section 62(3) to read as follows:

> "(d) the cost to him of cancelling or <u>otherwise disposing</u> of the lease, if any, by virtue of which he was the lessee of his old residence".

3. Section 63—Child care expenses (C.B.A.)

Where a taxpayer is employed by his spouse, the taxpayer's remuneration from such employment is to be included in the spouse's income for tax purposes under the provisions of Section 74(3) of Bill C-259 and excluded from the taxpayer's income for tax purposes. Because of this and because one of the limitations on the amount allowable as a deduction under Section 63 in respect of child care expenses is that the deduction cannot exceed two-thirds of the taxpayer's earned income for the year, a married woman who is employed by her husband may be unable to take advantage of the child care expense deduction. Further, no deduction will be allowed to the husband in these circumstances as he will not comply with the conditions contained in paragraph (b) of Section 63(1) because his wife was not incapacitated or confined to prison. Provision should be made to allow the husband a deduction in these circumstances, at least in those cases where it can be established that his wife was a bona fide full-time employee for the period in respect of which the expenses were incurred.

A similar problem arises as a result of the attribution rules in Section 74(4) where a married woman is employed by a partnership of which her husband is a partner.

In addition, where a husband and wife are partners in a business and the Minister of National Revenue exercises his discretionary power under the provisions of Section 74(5) and thereby attributes all of the firm's income to the husband, one of the effects may be to deny any deduction for child care expenses even though the expenses were incurred to enable the taxpayer's wife to devote her time and energies to the partnership business.

APPENDIX "D"

CAPITAL GAINS

1. Section 2(3)(c)—Tax payable by non-resident persons (C.A.B.)

The first specific clause in Bill C-259 which deals with disposition of properties on which a taxable capital gain may be realized by non-residents is Section 2(3)(c). This provision appears to define persons not resident in Canada who can fit within the categories outlined in Division D of the Bill and implies that any person who at any time in the past disposed of "taxable Canadian property" (as defined in Section 115(1)(b)) is subject to the provisions of Division D—even though he may have no taxable income for purposes of Division D and, hence, not be subject to tax in any event. There seems to be no apparent necessity for drawing the net so wide.

2. Section 13(4)—Insurance proceeds and other compensation in respect of the loss or destruction of property (C.I.C.A.)

Section 13(4) of Bill C-259 has the same technical defect as its predecessor in the present Income Tax Act (viz. Section 20(5a)).

The purpose of this provision is to allow taxpayers an additional period of grace in which to expend insurance proceeds or other compensation received in respect of the loss or destruction of depreciable assets without being subject to tax on recaptured capital cost allowance. Ordinarily, where a class of depreciable assets is in credit balance at the end of a taxation year because the taxpayer disposed of assets for an amount in excess of the undepreciated capital cost of property in that class and did not expend a sufficient portion of the proceeds in that same year to bring the class into debit balance at the end of the year by acquiring additional depreciable assets of that class, the amount of the credit balance is included in income as recaptured capital cost allowance. However, where the credit balance arises because of insurance proceeds or other compensation receivable in respect of the loss or destruction of depreciable assets, then, by virtue of Section 13(4) the amount of the credit balance will not be treated as recaptured capital cost allowance to the extent that it is expended by the taxpayer in the immediately following taxation year on the acquisition of depreciable property of the same class as that lost or destroyed.

Where the asset destroyed is a building, the taxpayer will obtain the benefit of this relieving provision to the extent that any credit balance in the relevant class of buildings at the end of the taxation year in which the insurance proceeds or other compensation becomes payable is expended by him in the immediately following taxation year on the acquisition of a building of any class, whether or not it is of the same class as the building that was destroyed. However, because of an anomaly in the Bill (and in the present Act), where a taxpayer chooses to replace a destroyed building by a building of another class and he does so by acquiring such other building in the taxation year in which the proceeds of insurance or other compensation becomes payable (rather than in the immediately following taxation year) he will, upon a technical interpretation, be subject to tax on recapture.

In order to remove this anomaly, it is recommended that paragraph (c) of Section 13(4) be amended to read as follows:

> "(c) the amount shall, to the extent that it has been expended by the taxpayer
>
> (i) in the taxation year immediately following the initial year on acquiring property of the same class,
>
> (ii) in the initial year or in the taxation year immediately following the initial year on acquiring, if the property so lost, destroyed, taken or sold was a building, a building of a prescribed class, or
>
> (iii) ....."

3. Section 44—Deferral of gain on involuntary dispositions (C.C.C.)

Section 44 provides for a deferral of gain on involuntary dispositions of capital property where the gain arises by virtue of the fact that the taxpayer has received (or is entitled to receive)

> (a) proceeds of insurance or other compensation in respect of the loss or destruction of capital property,
>
> (b) compensation for capital property taken under statutory authority, or
>
> (c) the proceeds of sale of capital property which was sold to a person by whom notice of intention to take under statutory authority was given,

and the taxpayer has expended an amount at least equal to the gain before the end of the immediately following taxation year acquiring a replacement for the former property.

It is recommended that these deferral provisions be extended to apply to a gain realized where capital property is unlawfully taken and the taxpayer becomes entitled to receive compensation therefor. This amendment may be accomplished by changing Section 44 to read as follows:

> "Where in a taxation year a taxpayer has received proceeds of disposition described in subparagraph 54(h)(ii), (iii) or (iv) of any property . . ."

4. Section 53(2)(a)(i)—Adjustments to the cost base of capital property (C.C.C.)

Subparagraph (i) of Section 53(2)(a) provides that any amount received by a taxpayer after 1971 as a dividend (other than a taxable dividend or a capital dividend) on the share of the capital stock of a corporation resident in Canada shall be deducted in computing the adjusted cost base to the taxpayer of such share. Any dividend received from a mutual fund corporation that is deemed under Section 131(1) to be a capital gains

dividend should also be excluded, along with taxable dividends and capital dividends, from the amounts that are to be deducted under Section 53(2)(a)(i) in computing the adjusted cost base of shares to the taxpayer. A capital gains dividend is deemed to be a capital gain in the year in which received and is taxed accordingly. Therefore, it should not reduce the adjusted cost base of shares since such an adjustment would result in double taxation.

5. Section 53(2)(m)—Adjustments to cost base of capital property (C.B.A.).

Section 53(2)(m) provides that, in computing the adjusted cost base to a taxpayer of capital property at any time, there shall be deducted

> "such part of the cost to the taxpayer of the property as was deductible (otherwise than by virtue of this subdivision) in computing the taxpayer's income for any taxation year commencing before that time."

It is to be noted that the deduction to be made under this paragraph is based on the deductibility of the amount specified therein regardless of the amount actually deducted in computing income. It is recommended that the paragraph be amended to read as follows:

> "(m) such part of the cost to the taxpayer of the property,
>
> (i) as was deducted (otherwise than by virtue of this subdivision) in computing the taxpayer's income for any taxation year that ended on or before that time, or
>
> (ii) where the adjuster cost base is being computed as of a date other than the end of a taxation year, as was deductible (otherwise than by virtue of this subdivision) in computing the taxpayer's income for the first taxation year ending after that date."

6. Section 54(g)—Principal residence (C.B.A.)

It is recommended that the definition of the term "principal residence" be amended specifically to include,

> (a) a condominium unit (which may not fall within the present definition), and
>
> (b) a dwelling-place located on property which is held under a long term lease rather than owned by the taxpayer

7. Section 74—Income or gains from property transferred to one's spouse

Subsections (1) and (2) of Section 74 provide that a taxpayer must include in his or her income for tax purposes any income and net taxable capital gains (i.e. taxable capital gains less allowable capital losses) which his or her spouse may derive from property transferred to the spouse by the taxpayer (or from property substituted therefor). The purpose of this provision is to prevent a taxpayer from reducing his income for tax purposes by transferring income-producing properties to his spouse.

It has been suggested that Bill C-259 be amended specifically to provide that these attribution rules will not apply in respect of property transferred to a spouse more than one year prior to the date on which the transferor first became a resident of Canada. This suggestion appears to have merit and it is recommended that the following amendment be made:

Section 74(6)

> "Subsections (1) and (2) of this section do not apply in respect of property transferred to a spouse more than one year prior to the date on which the transferor first became resident in Canada or in respect of property substituted for such transferred property."

A similar amendment should be made to the attribution rules contained in Section 75 which relate to property transferred

> (a) to a person under eighteen years of age, and
>
> (b) to certain inter vivos trusts.

APPENDIX "E"

Corporations and their shareholders

1. Section 83(2)—Capital dividends (C.B.A.)

Section 83(2) provides

> (a) that a private corporation may elect, subject to specified conditions, to treat a dividend payable by it to its shareholders after 1971 as a capital dividend if the amount does not exceed the corporation's capital dividend account immediately before the date on which the dividend becomes payable,
>
> and
>
> (b) that no part of such a dividend shall form part of the recipient shareholder's income.

Under Section 89(1)(b), a corporation's capital dividend account at any particular time is defined to include only amounts attributed to such account in taxation years ending before that time. Accordingly, if a corporation paid a dividend in kind by distributing part of its capital assets and the fair market value of the property distributed exceeded the adjusted cost base of the assets to the corporation, gain would only accrue on payment of the dividend and the corporation could not elect to treat the dividend in kind as a capital dividend out of the one-half non-taxable portion of that capital gain. It is recommended that provision be made to enable a private corporation to treat the one-half non-taxable portion of any

capital gain arising from the payment of a dividend in kind as part of its capital dividend account at the time the dividend became payable.

2. Section 87(1)—Definition of an amalgamation (C.C.C.)

The definition of the word "amalgamation", as defined in Section 87(1) of Bill C-259, is similar to that contained in Section 851 of the present Act in that, in order to qualify for the treatment set out in Section 87 of the Bill (previously Section 85I), it will still be necessary that all of the assets and liabilities of the amalgamating corporations become assets and liabilities of the amalgamated corporation. This requirement often causes corporate taxpayers an undue amount of trouble and expense arranging to settle amounts owing between amalgamating corporations immediately prior to an amalgamation so as to ensure that the amalgamation will in fact be treated as such for income tax purposes.

It is accordingly recommended that paragraphs (a) and (b) of Section 87 be amended to read as follows:

> "(a) all of the property of the predecessor corporations immediately before the merger (other than amounts receivable from, or investments in shares of the capital stock of, any of the other predecessor corporations) becomes property of the new corporation by virtue of the merger,
> (b) all of the liabilites of the predecessor corporations immediately before the merger (other than amounts owing to one predecessor corporation to another predecessor corporation) become liabilities of the new corporation by virtue of the merger, and"

3. Section 87(2)(r) Amalgamated corporation's 1971 capital surplus

4. Section 87(2)(s) on hand or paid-up capital deficiency (C.C.C.)

Paragraph (r) of Section 87(2) provides that, in computing the 1971 capital surplus of an amalgamated corporation, any 1971 capital surplus which the amalgamated corporation may itself have on hand shall be increased by the amount, if any, by which

> (a) the aggregate of each predecessor corporation's 1971 capital surplus on hand, if any, immediately before the amalgamation

exceeds

> (b) the aggregate of each predecessor corporation's paid-up capital deficiency, if any, immediately before the amalgamation.

There is no provision to the effect that, where the amount described in (b) above exceeds the amount described in (a), the excess must be deducted from the amount otherwise determinable in computing the amalgamated corporation's 1971 capital surplus on hand. Unless such a provision is introduced, it may be possible to eliminate a corporation's paid-up capital deficiency by means of an amalgamation without decreasing the 1971 capital surplus of the amalgamated corporation by a like amount. It is therefore recommended that a new paragraph be added to Section 87(2) to the following effect:

> "(r. 1) where the amount described in subparagraph (r)(ii) exceeds the amount described in subparagraph (r)(i), there shall be deducted from the aggregate of the amounts determined under subparagraphs 89(I)(l)(i) to (iv) for the purpose of computing the 1971 capital surplus on hand of the new corporation at any particular time an amount equal to such excess."

A similar problem exists with respect to paragraph (s) of Section 87(2), relating to the computation of an amalgamated corporation's paid-up capital deficiency.

5. Section 87(2)(aa)—Amalgamated corporation's refundable dividend tax on hand for purposes of determining its cumulative deduction account (C.C.C.)

Section 87(2)(aa) provides for the flow-through to an amalgamated corporation of any refundable dividend tax which each predecessor corporation may have on hand immediately prior to the amalgamation. It is not clear, however, whether the amalgamated corporation will be deemed to have inherited such amounts as of the end of a taxation year immediately preceding its first taxation year, or whether such amounts will not be included in computing its own refundable dividend tax on hand until the end of its first taxation year (following the amalgamation). If the latter interpretation is correct and the amalgamated corporation is, therefore, not entitled to deduct the predecessor corporation's refundable dividend tax on hand for purposes of computing its cumulative deduction account immediately prior to the amalgamation (see Section 87(2)(y)), an amalgamated corporation which qualifies as a Canadian-controlled private corporation (as defined in Section 125(6)(a)) could be deprived of a small business deduction for its first taxation year even though it should, in equity, be entitled to such a deduction.

To ensure that there is no anomaly in this regard, it is recommended that Section 87(2)(aa) be amended to read as follows:

> "(aa) in the case of a new corporation that is a private corporation for the purpose of computing the refundable dividend tax on hand (within the meaning assigned by subsection 129(3)) of the new corporation at the end of a taxation year immediately preceding its first taxation year or at the end of any subsequent taxation year, where a predecessor corporation had refundable dividend tax on hand immediately before the amalgamation the amount thereof shall be added to the aggregate determined under subsection 129(3) from which the new corporation's dividend refunds are to be subtracted;"

6. Section 129(3)(a)—Refundable dividend tax on hand (C.C.C.)

Section 129 provides that a corporation "Canadian investment income" and "foreign investment income" are to be computed separately but it does not provide that a loss obtained from one or other of these "sources" is to be deducted from income derived from the other "source"

in computing the amount described in paragraph (a) of Section 129(3). As a result, the amount of refundable dividend tax which may be credited to a private corporation's refundable dividend tax account in respect of a particular taxation year could be greater than the amount properly creditable thereto.

It is suggested that this anomaly could be eliminated by making the following amendments:

(a) Paragraph (a) of Section 129(3) would be amended to read as follows:

"(a) 25% of the amount, if any, by which its 'total investment income for the year', as defined in paragraph (4)(c), exceeds the amount deductible under paragraph 111(1)(b) from the corporation's income for the year,"

(b) Subsection (h) of Section 129 would be amended by the addition of the following paragraph:

"(c) 'total investment income' of a corporation for a taxation year means the amount, if any, by which the aggregate of

(i) the aggregate of the amounts described in subparagraphs (a)(i) to (iii) in respect of the corporation for the year, and

(ii) the amount that would be determined under subparagraphs (a)(i) to (iii) in respect of the corporation for the year if the references in subparagraphs (a)(i) to (iii) to 'in Canada' were read as references to 'outside Canada',

exceeds the aggregate of

(iii) the aggregate of amounts each of which is a loss of the corporation for the year from a source that is a property or business other than an active business, and

(iv) the aggregate of all amounts deductible under section 113 from the corporation's income for the year."

7. Section 129(3)(b)—Refundable dividend tax on hand (C.C.C.)

Any inactive business income from foreign sources will form part of "foreign investment income" for purposes of the refundable dividend tax provisions but any foreign tax credit relating to such income (being a credit allowed under Section 126(2) will not be taken into account in determining whether the limitation contained in Section 129(3)(b) is applicable. Thus, even though no Canadian income tax is payable on inactive business income from foreign sources after deducting the provincial tax abatement and the foreign tax credit, an amount equal to 25% thereof could be credited to the refundable dividend tax account.

8. Section 189(4)(b)—Ineligible investments (C.C.C.)

Further statutory clarification is required to minimize the number of problems which could be encountered in determining the cost of ineligible investments on hand at any time. For example:

1. Where there is a change in the use made of a capital asset, will the use to which it was originally put govern its classification for the purpose of Section 189(4)(b) for all subsequent years?

2. If a capital asset, such as a building, is used in part for active business purposes and in part for rental purposes, will the entire cost be treated as not falling within the ineligible category?

3. If, for example, a Canadian-controlled private corporation owned a minority interest in another company at December 31, 1971, and it acquired a further 100 shares of that company but disposed of the latter before the end of its 1972 year, that should not be treated as an ineligible investment?

APPENDIX "F"

BUSINESS AND PROPERTY INCOME

1. Section 16—Debt obligations issued at a discount (C.I.C.A.)

Subsections (2) and (3) of Section 16 provide that, where a debt obligation is issued at a discount by a tax-exempt person, a non-resident person not carrying on business in Canada, a government or certain other public bodies, the amount of the discount is, under certain circumstances, to be included in the investor's income for tax purposes. Subsection (2) relates to debt obligations which are issued before June 18, 1971 and subsection (3) deals with debt obligations issued after that date. Neither deals with debt obligations which are issued on June 18, 1971. Subsection (2) should accordingly be amended to apply to debt obligations issued on that date as well as to those issued prior thereto.

2. Section 24—Deduction in respect of eligible capital amounts (goodwill and other "nothings") on ceasing to carry on business (C.C.C.)

The combined effect of subsections (1) and (2) of Section 24 in a situation where an individual ceases to carry on business and the business is thereafter carried on by his spouse or by a corporation controlled by him appears to prevent any deduction under Section 20(1)(b) (relating to the amortization of goodwill and other "nothings") for either the individual, or his spouse or the controlled corporation for the year in which the business is transferred if both the transferor and the transferee have the same fiscal year end or if the fiscal year of the transferor ends at a later date in the year than the transferee's.

In order to remedy this inequity, it is recommended that subsection (2) of Section 24 be amended to read as follows:

Section 24

"(2) Notwithstanding subsection (1), where an individual has ceased to carry on a business and thereafter his spouse, or a corporation controlled directly or indirectly in any manner whatever by him, has carried on the business,

(a) in computing the individual's income for his fiscal period in which he so ceased to carry on the business, the following rules shall apply;

(i) the provisions of subsection (1) shall be read without reference to paragraphs (a) and (b) thereof and as if the reference in paragraph (c) thereof to 'the time he so ceased to carry on the business' were read as a reference to 'the end of the fiscal period in which he so ceased to carry on the business'; and

(ii) the amount allowed as a deduction under paragraph 20(1)(b) in respect of the business shall not exceed that proportion of the maximum amount otherwise allowable that

(A) the number of days in the period from the commencement of the fiscal period to date on which he ceased to carry on the business,

is of

(B) 365;

(b) in computing the cumulative eligible capital in respect of the business of the spouse or the corporation, as the case may be, at any time after the end of the fiscal period in which the individual so ceased to carry on the business, there shall be included the amount of the individual's cumulative eligible capital in respect thereof at the end of that fiscal period; and

(c) in computing the income of the spouse or the corporation, as the case may be, for the fiscal period in which the spouse or corporation commenced to carry on the business, the amount allowed as a deduction under paragraph 20 (1) (b) in respect of the amount included in the spouse's or corporation's cumulative eligible capital amount under paragraph (b) shall not exceed that proportion of the maximum amount otherwise allowable in respect thereof that

(A) the number of days in the period from the date on which the spouse or corporation commenced to carry on the business to the end of the fiscal period,

is of

(B) 365."

APPENDIX "G"

Certain of the proposals made by the Canadian Bar Association

Subdivision K—Trusts and their Beneficiaries

Sec. 104. Reference to trust or estate.

(1) In this Act, a reference to a trust or estate (in this subdivision referred to as a "trust") shall be read as a reference to the trustee or the executor, administrator, heir or other legal representative having ownership or control of the trust property.

Sec. 104(2)

(2) Taxed as individual. A trust shall, for the purposes of this Act, and without affecting the liability of the trustee or legal representative for his own income tax, be deemed to be in respect of the trust property an individual; but where there is more than one trust and

(a) substantially all of the property of the various trusts has been received from one person, and

(b) the various trusts are conditioned so that the income thereof accrues or will ultimately accrue to the same beneficiary, or group or class of beneficiaries,

such of the trustees as the Minister may designate shall, for the purposes of this Act, be deemed to be in respect of all the trusts an individual whose property is the property of all the trusts and whose income is the income of all the trusts.

(See also S. 128(1); S. 248(1); Regs. Part 11.)

Sec. 104(3)

(3) Deductions not permitted. No deduction may be made under section 109 or paragraph 110 (1) (d) from the income of a trust.

(See also S. 109(1); S. 110(1)(d).)

Sec. 104(4)

(4) Deemed disposition of property by a trust. Every trust shall, on each of the following days, be deemed to have disposed of each capital property of the trust, other than depreciable property, for proceeds equal to its fair market value on that day, and to have reacquired such property immediately thereafter for an amount equal to

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that fair market value; and for the purposes of this Act those days are:

(a) where the trust is a trust created by a taxpayer, whether during his lifetime or by his will, under which

(i) his spouse is entitled to receive all of the income of the trust that arises before the spouse's death, and

(ii) no person except the spouse may, before the spouse's death, receive or otherwise obtain the use of any of the income or capital of the trust, the day on which the spouse dies;

(aa) Where the trust is a classified trust the day prescribed by regulation

Comment: This amendment is designed to permit the Minister to prescribe alternative rules for trusts such as protective trusts which are worthy of special treatment.

(b) that day that is 21 years after the latest of

(i) January 1, 1972,

(ii) the day on which the trust was created, and

(iii) where applicable, the day referred to in paragraph (a); and

(c) the day that is 21 years after any day that is, by virtue of this subsection, a day on which the trust is deemed to have disposed of each such property.

Sec. 104(5)

(5) Idem. Every trust shall, on each day described in subsection (4), be deemed to have disposed of all depreciable property of a prescribed class of the trust for proceeds equal to,

(a) where the fair market value of that property on that day exceeds the undepreciated capital cost thereof to the trust on that day, the amount of that undepreciated capital cost plus ½ of the amount of the excess, and

(b) in any other case, the fair market value of that property on that day plus ½ of the amount, if any, by which the undepreciated capital cost thereof to the trust on that day exceeds that fair market value,

and to have re-acquired each such depreciable property of that class immediately thereafter at a capital cost (in this subsection referred to as the "deemed capital cost") equal to that proportion of the proceeds determined under paragraph (2) or (b), as the case may be, that the amount that was the fair market value of that property on that day is of the aggregate of the amounts that were the fair market values of all properties of that class on that day, except that

(c) where the amount that was the capital cost to the trust of any particular property of that class exceeds the deemed capital cost to the trust of the property, for the purposes of sections 13 and 20 and any regulations made under paragraph 20(1) (a) as they apply in respect of the property at any subsequent time,

(i) the capital cost of the trust of the property shall be deemed to be the amount that was the capital cost to the trust of the property, and

(ii) the excess shall be deemed to have been allowed to the trust in respect of the property under paragraph 20(1)(a) in computing income for taxation years before the reacquisition by the trust of the property, and any other amount allowed to the trust in respect of the property under that paragraph in computing income for those years shall be deemed to be nil, and

(d) subsection 13(2) is not applicable in respect of any such reacquisition.

Sec 104(6)

(6) Deduction in computing income of trust. For the purposes of this Part, there may be deducted in computing the income of a trust for a taxation year such part of the amount that would, but for this subsection (12) and subsection 105(2), be its income for the year as was payable in the year to a beneficiary.

Sec. 104(7)

(7) Non-resident beneficiary. No deduction may be made under subsection (6) in computing the income for a taxation year of a trust in respect of such part of an amount that would otherwise be its income for the year as was payable in the year to a person who, at the time such part of that amount became so payable, was not resident in Canada, unless at that time, the trust was resident in Canada.

(See also C. 104(6).)

Sec. 104(8)

(8) Limitation on deduction. No deduction may be made under subsection (6) in computing the income for a taxation year of an inter vivos trust that had income for the year from a business carried on by it in Canada, in respect of such part of an amount that would, but for subsections (6) and (12), be its income for the year as was payable in the year to a person who, at the time the amount became so payable, was

(a) a non-resident person;

(b) a non-resident-owned investment corporation; or

(c) a trust resident in Canada other than

(i) a testamentary trust, or

(ii) a trust that throughout the period commencing on April 26, 1965 and ending at the time the amount became so payable, was a beneficiary under the trust by whom the amount became so payable, which latter-mentioned trust was throughout such period carrying on a business in Canada.

(See also S. 2(1); S. 104(6).)

Sec. 104(9)

(9) Idem. No deduction may be made under subsection (6) in computing the income for a taxation year of a trust other than a mutual fund trust, in respect of any amount that is deemed by subsection (21) to be a taxable capital gain for the year of a non-resident person or of a non-resident-owned investment corporation from the disposition of capital property.

Sec. 104(10)

(10) Where property owned for non-residents. Where all the property of a trust is owned by the trustee for the benefit of non-resident persons or their unborn issue, in addition to the amount that may be deducted under subsection (6), there may be deducted in computing the income of the trust for a taxation year for the purposes of this Part, such part of the dividends and interest received by the trust in a year from a non-resident-owned investment corporation as are not deductible under subsection (6) in computing the income of the trust for the year.

(See also S. 106(1)(b).)

Sec. 104(11)

(11) Dividend received from non-resident-owned investment corporation. Where any part of the dividends received in a taxation year by a trust described in subsection (10) from a non-resident-owned investment corporation are deductible under subsection (10) in computing the income of the trust for the year, for the purposes of Part XIII the trust shall be deemed to have paid to a non-resident person on the last day of the year an amount equal to that part, as income of the non-resident person from the trust.

Sec. 104(12)

(12) Deduction of part of accumulating income included in preferred beneficiary's income. For the purposes of this Part, there may be deducted in computing the income of a trust for a taxation year such part of its accumulating income for the year as was required by subsection (14) to be included in computing the income of a preferred beneficiary.

Sec. 104(13)

(13) Such part of the amount that would be the income of a trust for a taxation year if no deduction were made under subsection (6) or under regulations made under paragraph 20(1)(a) as was payable in the year to a beneficiary shall be included in computing the income of the person to whom it so became payable whether or not it was paid to him in that year and shall not be included in computing his income for a subsequent year in which it was paid.

Comment: The purpose of this subsection is to make an amount deductible by reason of its allocation to a beneficiary, taxable in the hands of the beneficiary. The words "or (12)" deleted in the version above, are unnecessary in that subsection (14) provides for the inclusion of the amount deducted under (12) in the income of the preferred beneficiary concerned.

Sec. 104(14)

(14) Where a trust and a preferred beneficiary thereunder jointly so elect in respect of a taxation year in prescribed manner and within prescribed time, such part of the accumulating income of the trust for the year as is designated in the election, not exceeding the preferred beneficiary's share therein, shall be included in computing the income of the preferred beneficiary for the year, and shall not be included in computing the income of any taxpayer in a subsequent year in which it was paid.

Comment: "The income of any taxpayer" is substituted for the words "his income" as the accumulating income may in a subsequent year be paid to someone other than the person so electing.

Sec. 104(15)

(15) Preferred beneficiary's share. The share of a particular preferred beneficiary under a trust in the accumulating income of the trust for a taxation year is,

(a) where the trust is a trust described in paragraph (4)(a) and the taxpayer's spouse referred to therein is alive at the end of the year, an amount equal to,

(i) if the particular preferred beneficiary is the taxpayer's spouse, the trust's accumulating income for the year, and

(ii) in any other case, nil;

(b) in any case not referred to in paragraph (a), where the shares in which the accumulating income of the trust would be payable to the beneficiaries thereunder do not depend upon the exercise by any person of, or the failure by any person to exercise, any discretionary power,

(i) if at the end of the year a particular beneficiary was a member of a class of beneficiaries under the trust each of whom was prospectively entitled, as a member of that class, to share equally in any accumulating income of the trust the portion of the trust's accumulating income in the year that may reasonably be regarded as having been earned for the benefit of beneficiaries of that class divided by the number of beneficiaries (other than registered Canadian charitable organizations) of that class in existence at the end of the year.

Comment: This subsection provides a code to establish the amount in respect of which a particular preferred beneficiary can elect for the purposes of 104(14). The whole context, therefore, is one of income which is not, in fact, being paid but which is prospectively allocable to a particular preferred beneficiary. Consequently, in sub-paragraph (b) and particularly in clause (i) thereof, words suggesting that anyone is "entitled" to share in income should be changed. In addition, the right to elect only arises in connection with accumulating income so

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that any reference to income should be modified by the adjective "accumulating".

(ii) in any other case, the portion of the trust's accumulating income for the year that may reasonably be regarded as having been earned for the benefit of the particular preferred beneficiary;

(c) in any case not referred to in paragraph (a) or (b), where each beneficiary under the trust whose share of the accumulating income of the trust depends upon the exercise by any person of, or the failure by any person to exercise, any discretionary power, is a preferred beneficiary or a registered Canadian charitable organization, the portion of the trust's accumulating income for the year that may reasonably be regarded as having been earned for the benefit of the particular beneficiary, not exceeding the amount determined in prescribed manner to be his or its discretionary share of the trust's accumulating income for the year; and

(ca) in the case of a classified trust the amount prescribed.

(d) in any case not referred to in paragraph (a), (b), (c) or (ca), nil.

Comment: These amendments are designed to permit the Minister to prescribe alternative rules for trusts such as protective trusts which are worthy of special treatment.

Sec. 104(16)

(16) Capital cost allowance deduction. A beneficiary under a trust may deduct from the amount that would otherwise be his income from the trust by virtue of subsection (13) or (14), as the case may be, such part of the amount that would otherwise be deductible from the income of the trust for the year under regulations made under paragraph 20(1)(a) as the trust may determine; and any amount deductible under this subsection for a taxation year shall be deducted from the amount that the trust would otherwise be able to deduct under those regulations but shall, for the purposes of section 13, be deemed to have been allowed to the trust under those regulations in computing its income for the year.

(See also S. 20(1)(a).)

Sec. 104(17)

(17) Depletion allowance. Where an amount is payable in a taxation year by a trust to a beneficiary under the trust, no part of that amount shall be deemed, for the purpose of subsections (6) and (13), to be payable out of an amount deductible in computing the income of the trust for the year under regulations made under subsection 65(1) except such part thereof as the trust designates as being so payable.

Sec. 104(18)

(18) Trust for infant. Where the income of a trust for a taxation year or any part thereof was not payable in the year but was held in trust for an infant or minor whose right thereto had vested and the only reason that it was not payable in the year was that the beneficiary was an infant or minor, it shall, for the purpose of subsections (6) and (13), be considered to have been payable.

(See also S. 65(1).)

Sec. 104(19)

(19) Portion of taxable dividends deemed to be dividends received by beneficiary. Such portion of

(a) the aggregate of taxable dividends received by a trust in a taxation year on shares of the capital stock of taxable Canadian corporations,

as

(b) may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to be part of the amount that, by virtue of subsection (13) or (14) or section 105, as the case may be, was included in computing the income for the year of a particular beneficiary under the trust, and

(c) was not designated by the trust in respect of any other beneficiary thereunder,

shall, if so designated by the trust in respect of the particular beneficiary in the return of its income for the year under this Part, be deemed, for the purposes of section 82 and this subsection, to be a taxable dividend received by the particular beneficiary in the year from a taxable Canadian corporation, and not to be a taxable dividend received by the trust in the year from a taxable Canadian corporation.

Sec. 104(20)

(20) Portion of non-taxable dividends not to be included in beneficiary's income. Where an amount has, in a taxation year, become payable by a trust to a particular beneficiary thereunder, such portion thereof as

(a) may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to have derived from an amount received by the trust in the year as, on account or in lieu of payment of, or in satisfaction of, a dividend on a share of the capital stock of a corporation resident in Canada other than a taxable dividend, and

(b) was not designated by the trust in respect of any other beneficiary thereunder,

shall, if so designated by the trust in respect of the particular beneficiary in its return of income for the year under this Part, not be included in computing the income of the particular beneficiary for the year.

Sec. 104(21)

(21) Portion of taxable capital gains deemed gain of beneficiary. Such portion of

(a) the amount, if any, by which the aggregate of the taxable capital gains of a trust for a taxation year exceeds the aggregate of

(i) its allowable capital losses for the year, and

(ii) the amount, if any, deductible under paragraph 111(1)(b) from its income for the year

as

(b) may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to be part of the amount that, by virtue of subsection (13) or (14) or section 105, as the case may be, was included in computing the income for the taxation year of a particular beneficiary under the trust, and

(c) was not designated by the trust in respect of any other beneficiary thereunder,

shall, if so designated by the trust in respect of the particular beneficiary in the return of its income for the year under this Part, be deemed, for the purposes of sections 3 and 111, to be a taxable capital gain for the year of the particular beneficiary from the disposition of capital property.

Sec. 104(22)

(22) Deduction for foreign taxes. For the purpose of section 126, the following rules apply:

(a) such portion of the income of a trust for a taxation year (before making any deduction under subsection (6) or (12)) from sources in a foreign country as

(i) may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to be part of the income that, by virtue of subsection (13) or (14), as the case may be, was included in computing the income for a taxation year of a particular beneficiary under the trust, and

(ii) was not designated by the trust in respect of any other beneficiary thereunder,

shall, if so designated by the trust in respect of the particular beneficiary in its return of income for the year under this Part, be deemed to be income of the particular beneficiary for the taxation year from sources in that country;

(b) a beneficiary under a trust shall be deemed to have paid as income tax for a taxation year, on the income that he is deemed by paragraph (a) to have for the year from sources in a foreign country, to the government of that country an amount equal to that proportion of the income or profits tax paid by the trust for the year to the government of that country or to the government of a state, province or other political subdivision of that country (except such portion of that tax as was deductible under subsection 20(11) or (12) in computing its income for the year) that

(i) such portion of the amount included in computing his income for the year by virtue of subsection (13) or (14), as the case may be as is deemed by paragraph (a) to be income for the year from sources in that country,

is of

(ii) the income of the trust for the year from sources in that country (before making any deduction under subsection (6) or (12));

(c) the income of a trust from sources in a foreign country for a taxation year shall be deemed to be its actual income therefrom for the year minus the aggregate of the amounts deemed by paragraph (a) to be the income therefrom for the year of all beneficiaries under the trust; and

(d) a trust shall be deemed to have paid as income tax to the government of a foreign country for a taxation year an amount equal to the income or profits tax actually paid by it for the year to the government of that country, or to the government of a state, province or other political subdivision of that country (except such portion of that tax as was deductible under subsection 20 (11) or (12) in computing its income for the year), minus the aggregate of the amounts deemed by paragraph (b) to have been paid to the government of that country for the year by all beneficiaries under the trust.

Sec. 104(23)

(23) Testamentary trusts. In the case of a testamentary trust, notwithstanding any other provision of this Act the following rules apply:

(a) the taxation year of the trust is the period for which the accounts of the trust have been ordinarily made up and accepted for purposes of assessment under this Act and, in the absence of an established practice, the period adopted by the trust for that purpose (but no such period may exceed 12 months and a change in a usual and accepted period may not be made for the purpose of this Act without the concurrence of the Minister);

(b) when a taxation year is referred to by reference to a calendar year, the reference is to the taxation year or years coinciding with, or ending in, that year;

(c) the income of a person for a taxation year from the trust shall be deemed to be his benefits from or under the trust for the taxation year or years of the trust that ended in the year determined as provided by this section and section 105;

(d) where an individual having income from the trust died after the end of a taxation year of the trust but before end of the calendar year in which that taxation year ended, a separate return of his income from the trust after the end of the trust's taxation year to the time of death shall be filed and tax under this Part shall be paid thereon as if that income were the income of another person; and

(e) in lieu of making the payments required by section 156, the trust shall pay to the Receiver General of Canada within 90 days from the end of each taxation year, the tax for the year as estimated under section 151.

(See also S. 70(2); S. 105(1); S. 150(4); S. 151; S. 156; S. 249(1).)

Sec. 104(24)

(24) "Amount payable". For the purposes of subsections (6), (7), (8), (13) and (20), an amount shall not be considered to be payable in a taxation year unless it was paid in the year to the person to whom it was payable or he was entitled in that year to enforce payment thereof.

(See also S. 104(6); S. (7), (8), (13).)

Sec. 104(25)

(25) An election under subsection (14) hereof on behalf of a preferred beneficiary under a disability can be made by the person designated in the trust to make such election and if none by a parent or guardian of such preferred beneficiary and if none by the trustee.

Comment: Doubt has been expressed as to the ability of persons to elect when otherwise entitled to do so as preferred beneficiaries in respect of accumulating income. It is understood that the Department of Justice has given the opinion to the Department of Finance that no problem arises under the provincial law with these elections. It is further understood that the Department of National Revenue has informed the Department of Finance that no problem arises in connection with the rights to elect which presently exist insofar as persons under a disability are concerned. The Bar Association does not dispute the advice tendered by either Department but in the particular context under discussion here, it does not consider that either advice meets the problem. It is perfectly true that the legal institutions exist in all of the provinces under which a person could become competent to elect on behalf of an infant but the institutions often involve tedious procedures and considerable expense as they are necessarily designed to cope with the awkward problems which arise in connection with the property of a person under a disability. The most common disability with which we will be concerned in connection with the right of election by a preferred beneficiary will be the disability of infancy. Other disabilities such as mental incapacity or absenteeism are uncommon or even exotic and the likelihood of resort to a proper procedure which would result in the appointment of a legal personal representative is great. Very few parents however, bother to become guardians of their own children. It is considered that the Statute should give the right to a parent to make the election. This would not interfere with the provincial right to determine the matter of guardianship but would simply say that a federal election can be made by a particular category of person.

Sec. 105. Benefits under trust, contract, etc.

(1) The value of all benefits (other than a distribution or payment of capital) to a taxpayer during a taxation year from or under a trust, contract, arrangement or power of appointment, irrespective of when made or created shall, subject to subsection (2), be included in computing his income for the year.

(See also S.56(2); S.76(1).)

Sec. 105(2)

(2) Upkeep, etc. Such part of an amount paid by a trust out of income of the trust for the upkeep, maintenance or taxes of or in respect, of property that, under the terms of the trust arrangement, is required to be maintained for the use of a tenant for life or a beneficiary as is reasonable in the circumstances shall be included in computing the income of the tenant for life or other beneficiary from the trust for the taxation year for which it was paid.

(See also S. 12(1)(m); S. 104(6), (13); S. 248(1).)

Sec. 106 Income interest in trust.

(1) Where an amount in respect of a taxpayer's income interest in a trust has been included in computing his income for a taxation year by virtue of subsection 104(13) or subsection (2) of this section, there may be deducted in computing his income for the year the lesser of

(a) the amount so included in computing his income for the year, and

(b) the amount, if any, by which the cost to the taxpayer of the income interest exceeds the aggregate of all amounts in respect of the interest that were deductible by virtue of this subsection in computing his income for previous taxation years.

Sec. 106(2)

(2) Disposition by taxpayer of income interest. Where in a taxation year a taxpayer disposes of an income interest in a trust,

(a) except where subsection (3) is applicable, there shall be included in computing his income for the year the proceeds of the disposition;

(b) any taxable capital gain or allowable capital loss of the taxpayer from the disposition shall be deemed to be nil; and

(c) for greater certainty, the cost to the taxpayer of each property received by him as consideration for the disposition is the fair market value of the property at the time of the disposition.

Sec. 106(3)

(3) Proceeds of disposition of income interest. For greater certainty, where at any time any property of a trust has been distributed by the trust to a taxpayer who was a beneficiary under the trust in satisfaction of all or any part of his income interest in the trust, the trust shall be deemed to have disposed of the property for proceeds of disposition equal to the fair market value of the property at that time.

Sec. 107 Disposition by taxpayer of capital interest.

(1) Where a taxpayer has disposed of a capital interest in a trust,

(a) for the purposes of computing his taxable capital gain, if any, from the disposition of the interest, the adjusted cost base to him thereof immediately before the disposition shall be deemed to be an amount

equal to the greater of the adjusted cost base to him thereof otherwise determined immediately before that time and the cost amount to him of the interest immediately before that time, and

(b) for greater certainty, for the purposes of computing his allowable capital loss, if any, from the disposition of the interest, the adjusted cost base to him thereof immediately before the disposition is the adjusted cost base to him of the interest immediately before that time as determined under this Act without reference to paragraph (a),

except that where the interest was an interest in an inter vivos trust not resident in Canada that was purchased by the taxpayer, paragraph (a) does not apply in respect of the disposition thereof except where subsection (2) is applicable in respect of any distribution of property by the trust to him in satisfaction of all or any part of the interest.

Sec. 107(1)

(1) Where a taxpayer has disposed of a capital interest in a trust,

(a) for the purposes of computing his taxable capital gain, if any, from the disposition of the interest, the adjusted cost base to him thereof immediately before the disposition shall be deemed to be an amount equal to the greater of the adjusted cost base to him thereof otherwise determined immediately before that time and the cost amount to him of the interest immediately before that time, and

(b) for greater certainty, for the purposes of computing his allowable capital loss, if any, from the disposition of the interest, the adjusted cost base to him thereof immediately before the disposition is the adjusted cost base to him of the interest immediately before that time as determined under this Act without reference to paragraph (2),

except that where the interest was an interest in an inter vivos trust not resident in Canada that was purchased by the taxpayer, paragraph (a) does not apply in respect of the disposition thereof except where subsection (2) is applicable in respect of any distribution of property by the trust to him as or on account of all or any part of the interest.

Sec. 107(2)

(2) Where at any time any property of the trust has been distributed by the trust to a taxpayer who was a beneficiary under the trust as or on account of all or any part of his capital interest in the trust.

Comment: Some doubt has been expressed as to whether a capital encroachment for a beneficiary represents the distribution of property by a trust to a beneficiary "in satisfaction of all or any part of his capital interest". The problem seems to be with the word "satisfaction". The doubt has been expressed in print by writers such as David Ward and has been felt privately by those in the Bar Association concerned with the preparation of this brief. It seems to us that the problem can simply be solved by changing the phrase where it appears in both subsections from "in satisfaction of" to "as or on account of".

Sec. 107(3)

(3) Determination of cost of property other than non-depreciable capital property. Where the property referred to in subsection (2) that was distributed by a trust to a taxpayer was property, other than capital property that was not depreciable property, for the purpose of determining the cost to the taxpayer of the property under paragraph (2)(b) (except for the purposes of paragraph (2)(b) as it applies to determine the taxpayer's proceeds of disposition of his capital interest under paragraph (2)(c), the reference in paragraph (2)(b) to "that proportion" shall be read as a reference to "½ of that proportion".

Sec. 107(4)

(4) Where trust in favour of spouse. Where the trust referred to in subsection (2) was a trust described in paragraph 104(4)(a) and

(a) the property so distributed by the trust was capital property other than depreciable property,

(b) the taxpayer to whom the property was so distributed was a person other than the spouse, and

(c) the spouse was alive at the time the property was so distributed,

notwithstanding paragraphs (2)(a) to (d), the following rules apply:

(d) the trust shall be deemed to have disposed of the property for proceeds equal to its fair market value at that time;

(e) the taxpayer shall be deemed to have acquired the property at a cost equal to that fair market value, and

(f) the taxpayer shall be deemed to have disposed of all or part, as the case may be, of his interest in the trust, for proceeds of disposition equal to that fair market value.

Sec. 107(5)

(5) Distribution to non-resident beneficiary. Where subsection (2) is applicable in respect of the distribution by a trust of any property of the trust to a non-resident taxpayer who was a beneficiary under the trust and the property was not taxable Canadian property or property that would be taxable Canadian property if at no time in the taxation year of the trust in which it was so distributed the trust had been resident in Canada, notwithstanding paragraphs (2)(a) to (c) the provisions of paragraphs (4)(d) to (f) are applicable in respect of the property as if the reference in paragraph (4)(f) to "that fair market value" were read as a reference to "the adjusted cost base to him of the interest or part thereof, as the case may be immediately before the property was so distributed".

Sec. 108. Definitions.

(1) In this subdivision,

Sec. 108(1)(a)

(a) "Accumulating income".—"accumulating income" of a trust for a taxation year means the amount that, but for subsections 104(6) and 104(12) would be its income for the year;

Comment: The words "104(6)" would appear to have been omitted by oversight.

Sec. 108(1)(b)

(b) "Beneficiary".—"beneficiary" under a trust includes a person beneficially interested therein;

Sec. 108(1)(c)

(c) "Capital interest".—"Capital interest" of a taxpayer in a trust means a right (whether immediate or future and whether absolute or contingent) of the taxpayer as a beneficiary under the trust to, or to receive, all or any part of the capital of the trust;

Sec. 108(1)(d)

(d) "Cost amount" of capital interest.—"cost amount" of any capital interest of a taxpayer in any trust at any time means,

(i) in any case where any money or property of the trust has been distributed by the trust to the taxpayer in full satisfaction of the whole of his capital interest (whether on the winding-up of the trust or otherwise), the aggregate of the money so distributed and all amounts each of which is the cost amount to the trust, immediately before the distribution, of each such property so distributed to the taxpayer, and

(ii) in any other case, that proportion of the amount, if any, by which the aggregate of all money of the trust on hand immediately before that time and all amounts each of which is the cost amount to the trust, immediately before that time, of each property of the trust exceeds the aggregate of all amounts each of which is the amount of any debt owing by the trust, or of any other obligation of the trust to pay any amount, that was outstanding immediately before that time, that

(A) the fair market value at that time of the capital interest in the trust, is of

(B) the fair market value at that time of all capital interests in the trust;

Sec. 108(1)(e)

(e) "Income interest".—"income interest" of a taxpayer in a trust means a right (whether immediate or future and whether absolute or contingent) of the taxpayer as a beneficiary under the trust to, or to receive, all or any part of the income of the trust;

Sec. 108(1)(f)

(f) "Inter vivos trust".—"inter vivos trust" means a trust other than a testamentary trust;

Sec. 108(1)(g)

(g) "Preferred beneficiary".—"preferred beneficiary" under any trust means an individual resident in Canada who is a beneficiary under the trust and is

(i) the settlor of the trust,

(ii) the spouse or former spouse of the settlor of the trust, or

(iii) a child, grandchild or great grandchild of the settlor of the trust, or the spouse of any such person;

Sec. 108(1)(h)

(h) "Settlor".—"settlor",

(i) in relation to a testamentary trust, means the individual referred to in paragraph (1), and

(ii) in relation to an inter vivos trust,

(A) if the trust was created by the transfer, assignment or other disposition of property thereto (in this paragraph referred to as property "contributed") by not more than one individual and the fair market value of such of the property of the trust as was contributed by him at the time of the creation of the trust or at any subsequent time exceeds the fair market value of such of the property of the trust as was contributed by any other person or persons at any subsequent time (such fair market values being determined at the time of the making of any such contribution), means that individual, and

(B) if the trust was created by the contribution of property thereto jointly by an individual and his spouse and by no other person and the fair market value of such of the property of the trust as was contributed by them at the time of the creation of the trust or at any subsequent time exceeds the fair market value of such of the property of the trust as was contributed by any other person or persons at any subsequent time (such fair market values being determined at the time of the making of any such contribution), means that individual and his spouse;

Sec. 108(1)(i)

(i) "Testamentary trust".—"testamentary trust" means a trust or estate that arose upon the death of an individual and in consequence of his death, but for greater certainty does not include any such trust that was created by any person other than that individual; and

Sec. 108(1)(j)

(j) "Trust".—"trust" includes an inter vivos trust and a testamentary trust but, in subsections 104(4),

(5), (12), (14) and (15) and sections 105 to 107 does not include

(i) a unit trust, or

(ii) a trust governed by a registered pension fund or plan, an employees profit sharing plan, a registered supplementary unemployment benefit plan, a registered retirement savings plan or a deferred profit sharing plan.

Sec. 108(1)(k)

(k) "Classified trust".—"classified trust" means a trust which has been accepted by the Minister for inclusion in a class prescribed by regulation.

Comment: This amendment is designed to permit the Minister to prescribe alternative rules for trusts such as protective trusts which are worthy of special treatment.

Sec. 108(2)

(2) Meaning of expression "unit trust". For the purposes of this Act, a trust is a unit trust at any particular time if, at that time, it was an inter vivos trust the interest of each beneficiary under which was described by reference to units of the trust, and

(a) the issued units of the trust included

(i) units having conditions attached thereto that included conditions requiring the trust to accept, at the demand of the holder thereof and at prices determined and payable in accordance with the conditions the surrender of the units, or fractions or parts thereof, that are fully paid, or

(ii) units qualified in accordance with prescribed conditions relating to the redemption of the units by the trust,

and the fair market value of such of the units as had conditions attached thereto that included such conditions or as were so qualified, as the case may be, was not less than 95% of the fair market value of all of the issued units of the trust (such fair market values being determined without regard to any voting rights attaching to units of the trust), or

(b) throughout the taxation year in which the particular time occurred it complied with the following conditions:

(i) it was resident in Canada,

(ii) its only undertaking was the investing of funds of the trust,

(iii) at least 80% of its property throughout the year consisted of shares, bonds, mortgages, marketable securities, or cash, or of rights to or interests in any rental or royalty computed by reference to the amount or value of production from an oil or gas well, or from a mineral resource, situated in Canada,

(iv) not less than 95% of its income for the year was derived from, or from dispositions of, investments described in subparagraph (iii),

(v) at no time in the year did more than 10% of its property consist of shares, bonds or securities of any one corporation or debtor other than Her Majesty in right of Canada or a province or a Canadian municipality, and

(vi) all holdings of and transactions, if any, in its units accorded with prescribed conditions relating to the number of its unit holders, dispersal of ownership of its units and public trading of its units.

Sec. 108(3)

(3) For the purposes of paragraph 70(6)(b), paragraphs 73(1)(a) and (b), paragraph 104(4)(a) (herein called the "rollover provisions") and of paragraph 108(1)(e)

(a) the income of a trust is its income computed without reference to the provisions of this Act.

(b) where the trust directs the application of the income of the trust for the benefit of the spouse, the spouse shall, for the purposes of this Act, be deemed to be entitled to receive the income so directed to be applied.

(c) the fact that debts of the taxpayer or taxes exigible by reason of his death or administration expenses of the trust are payable out of the property of the trust shall not for that reason only prevent the application of the rollover provisions.

Comment: The Bar Association feels concern on two points in connection with the exclusive trust for a spouse. In the first place if money is spent for the benefit of a spouse rather than being paid to a spouse it ought to be treated in the same way. There is some concern that it would not be so treated and that the possibility of spending income for the benefit of a spouse would disqualify the trust. Similarly there is concern that if the trust must bear taxes payable to a province or to a municipality or debts of the deceased, that the trust would be disqualified. A section such as section 7(4) of the Estate Tax Act together with its interpretation is required and the Association is satisfied with the language which is proposed for this purpose.

Additional Sections to be amended

110(2)(a) Where an individual was, during the taxation year a member of a religious order and had, as such, taken a vow of perpetual poverty, he may, in lieu of the deduction permitted by paragraph 1(a), deduct from his income for the year an amount equal to his earned income for the year as defined by section 63 if, of his income, that amount has been paid to the order.

(b) Where a taxpayer has died in a taxation year in applying paragraph (1)(a) for the purpose of computing his taxable income for that year that paragraph shall be read without reference to the words "not exceeding 20%".

Comment: The Bill now limits charitable deductions to an amount equal to 20% of the taxable income in the terminal period. It is, in fact, not uncommon for a taxpayer to give all of his property, or all of his property subject to a life interest in favour of his spouse (and perhaps other dependants) to charity. The effect of the present provisions of the Bill would be to make some part of the charitable gift an amount in excess of the 20% limit and hence taxable. It is, therefore, suggested that in the year of death a 100% deduction should be available for charity. It is to be noted that this is not a novel suggestion. A 100% deduction is now available under the Estate Tax Act of Canada and is as well available under the Income Tax Act when a gift is being made to that well-known charity, the Crown. The Bar Association requests that the 100% deduction be generally applicable to all charitable gifts in the year of death.

54(e) "listed personal property" of a taxpayer means his personal-use property that is all or any portion of, or any interest in or right to, any

(i) print, etching, drawing, painting, sculpture, or other similar work of art,

(ii) jewellery,

(iii) rare folio, rare manuscript, or rare book,

(iv) stamp,

(v) coin,

(vi) antique furniture,

(vii) gold, silver, antique flatware or plate,

(viii) antique or rare china.

Comment: In the Minister's explanation of the Bill, the categories of listed personal property were explained as being examples of items which did not normally depreciate through use and would hence normally attract a gain on disposition. However, the technique in the Statute understandably has been to define a specific list for the purposes of listed personal property and the list contains omissions. Ordinary furniture depreciates through use but genuine antiques do not. The difficulty of establishing what is an antique can be resolved and is resolved for the purposes of the customs regulations. The present list includes coins, jewellery and works of art. These categories do not embrace gold or sterling silver tableware. Such articles do not depreciate through use and as they acquire patina of age they also acquire value. Similar articles made of more base metals such as pewter or copper or brass while normally belonging to the category of things which depreciate through use, may, if they are very old, move into the category of antiques and like the antique furniture, begin to appreciate by the passage of time whether or not used. Finally, antique or rare china describes two classes of pottery which do not depreciate through use. Every member of the Senate must be acquainted with particular items which, whether or not used, are more valuable now than when they were purchased. The characteristic of antiquity is here the more important qualification. Rare china which is not also old china will not commonly arise. However, certain of the most artistic makers of fine china are in the habit of issuing special limited editions which immediately commence growing in value.

40(2)(k) For the purposes of paragraph 69(1)(b) and subsections 70(5) and 104(4) there may be deducted from the proceeds of disposition otherwise determined of property (other than depreciable property) an amount equal to the reasonable expenses which would have been incurred by the taxpayer in the disposition of the property deemed to be disposed of by him had he actually disposed of that property.

Comment: Commission on the sale of property and other similar expenses are deductible in computing the capital gain to be paid by the taxpayer. It seems only fair that allowance be made for this type of expense which the property is deemed to be realized rather than actually realized.

122(2) Subsection (1) is not applicable for a taxation year of an inter vivos trust other than a mutual fund trust or a classified trust if the trust

(a) was established before June 18, 1971

(b) was resident in Canada on June 18, 1971 and without interruption thereafter until the end of the year,

(c) did not carry on any active business in the year,

(d) has not received any property by way of gift after Royal Assent has been given to this Act,

(e) has not after Royal Assent has been given to this Act insured

(i) any debt

(ii) any other obligation to pay an amount to, or guaranteed by, any person with whom any beneficiary of the trust was not dealing at arms length.

Comment: Many trusts have been unintentionally put into the minimum 50% taxation category by additional gifts or borrowings since June 18, 1971. The authors of the Bill have their sights set upon sophisticated taxpayers indulging in constant tax planning. For such persons the rule of June 18 is undoubtedly fair. Those people all heard about this particular provision over the weekend of June 19 and 20. However, small trusts, often for children, are legion, not attended by formality and not always or even most largely, created by sophisticated people. The mother who banks her family allowance cheques in the name of the children, the grandfather who buys a $50 Canada Savings Bond each year for his grandchildren, are examples. Those trusts should be saved by the creation of a new category of infants' trusts but pending such salvation, it would be more equitable to give a greater amount of time to taxpayers to become acquainted with the rule. At the time of the last amendment Section 13(4) of the Estate Tax Amendment Act, 1968-1969 allowed taxpayers to engage in post mortem variations of wills in order to qualify within the definition of the spouse-exempt trust created by section 7(1)(b) of the Estate Tax Act. Such variation was permitted until August 1, 1969 and the purpose was to allow a sufficient period of time to elapse to catch the cases where persons would not have had a reasonable opportunity to alter wills. The same principle is applicable here.

Comment for Classified Trust. At present the Bill recognizes the following categories of trusts:

Unit Trusts

Testamentary Trusts

(a) exclusive spouse trust

(b) other trust

Inter Vivos Trusts

(a) exclusive spouse trust

(b) other trust created before June 18, 1971 and not contaminated by gifts or borrowing since that time

(c) other inter vivos trusts

The effect of the Bill is to treat generously spouse trusts, testamentary trusts and pre-June 18 trusts but all living trusts created after June 18 are treated punitively as if there never were any reason for employing them except tax avoidance. The Bar Association finds it tiresome to have to reiterate over and over again in argument with tax policy officials at the federal level that there are other uses and reasons for trusts than tax avoidance and that these uses are of everyday application. In the 1968-1969 amendments it was recognized that an infant's trust was a legitimate device. There was also recognition in the estate tax context of a trust for an incapable person. It is suggested that the revenue has nothing to fear from the creation of further types of trusts to be treated on a less punitive basis both as to the time when the trust is deemed to dispose of its capital assets and as to the applicable rate of tax on accumulating income. The Bar Association would suggest that the two categories most urgently required are the category of a protective trust and the category of infant's trust. In each case conditions could be established to protect the revenue while at the same time leaving criteria which could be met in ordinary cases. The Bar Association considers that flexibility could be obtained in this connection by building in the possibility of prescribing categories of trusts by regulation and in this way making provision in the future not only for the two types mentioned, but also for other types. The required amendment is extremely simple.

THE SENATE

Tuesday, December 14, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Copies of final communiqué issued following the Ministerial Session of the North Atlantic Council, held in Brussels, December 9-10, 1971.

ADJOURNMENT

NOTICE OF MOTION

Hon. Jacques Flynn: Honourable senators, I give notice that on Thursday next, December 16, 1971, I will move:

That when the Senate adjourns today, it do stand adjourned until Monday, 10th January, 1972, at two o'clock in the afternoon.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Leopold Langlois, with leave of the Senate and notwithstanding Rule 45 (1)(a), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting tomorrow, Wednesday, 15th December, 1971, and that Rule 76 (4) be suspended in relation thereto.

Motion agreed to.

NATIONAL REVENUE

DISTRIBUTION OF TAX FORMS—QUESTION

Hon. Jacques Flynn: Honourable senators, since the Leader of the Government is absent, I may put my question to the acting leader (Hon. Mr. Langlois) in the form of notice. Is is true that the Department of National Revenue has already circulated forms taking for granted that Bill C-259 will come into force on January 1, 1972?

Hon. Mr. Langlois: Due to the many implications of this question I will take this as notice.

TAX REFORM

CONSIDERATION OF FINAL REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM—DEBATE CONTINUED

The Senate resumed from yesterday consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation.

Hon. John J. Connolly: Honourable senators, as we are all aware Bill C-259 received its first reading in the House of Commons in June 1971. During the course of the summer recess I was in touch with Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, as to the position that should be taken by the committee in regard to the bill. When the Senate reassembled on September 14, 1971, there was tabled in this house a summary of the 1971 tax reform legislation, and on the same day Senator Hayden moved to refer the summary and the legislation connected therewith for study and report to the Committee on Banking, Trade and Commerce. In other words, we have been seized of the summary and of the bill exactly three months, today being December 14.

• (1410)

As we are aware, that was an unusual procedure. We knew the bill was voluminous and complicated, as any tax legislation is bound to be. We spent a great deal of time studying and making recommendations on the White Paper. I am sure that when the chairman made his motion, all honourable senators were of the opinion that it would be desirable to forestall any criticism of the Senate for giving the bill inadequate consideration because of insufficient time to debate it.

The purpose of the reference was to enable the committee to study the legislation, to hear witnesses, and to make a report. Upon reflection, I feel this was a wise step for the chairman to have taken. It is not dissimilar to attitudes regarding other bills. For many years we received complaints about rubber stamping appropriation bills, and then a few years ago we adopted the current practice of referring the Estimates and the supplementary Estimates, when tabled in the house, to the Standing Senate Committee on National Finance. This procedure has enabled the committee to deal with the Estimates upon which all appropriation bills are based, and any honourable senator may attend the meetings.

This practice has resulted in two things. The first is that the debates on appropriation bills are more informed; secondly, the criticism voiced for so many years that we knew nothing about the contents of these bills has been stifled. This has been a salutory consequence for the Senate. With this precedent in mind, a similar procedure was adopted with respect to the tax bill.

Pursuant to this order of reference, the Standing Senate Committee on Banking, Trade and Commerce held its first meeting on September 29. It organized a staff and advised interested people when hearings would take place. The last meeting was yesterday, December 13. The committee held 27 meetings, heard 129 witnesses, and received 30 briefs. Although the bill has not yet reached us, I feel that the Senate, through its Standing Committee on Banking, Trade and Commerce, has already given the bill very careful consideration.

Without creating a debating point, I find that I must take issue with some of the remarks made by Senator

Flynn last night, particularly in respect of his proposition that our consideration of the bill was narrow and technical. Normally I do not disagree with Senator Flynn. I find his argument, and his point of view and approach to problems here, so reasonable that I agree with him many times more than I disagree. This case, however, involves a matter of perspective. I do not consider our exercise in respect of Senator Hayden's motion to be in any way restricted. I think of the enormous amount of work carried out by the committee in connection with the White Paper. The reference of the White Paper and the White Paper itself were as broad as any issues could be. In that connection we considered the White Paper in 60 meetings of the committee between January 28 and September 15, 1970. We heard 118 briefs, and there were 225 in addition which were submitted and considered but not heard by the committee. I am told that 471 witnesses appeared with respect to the White Paper.

I should like to refer to the Table of Contents of our report, which was published in September 1970, to indicate the range of interest and the breadth of view of that Senate committee in respect of tax reform, particularly as a result of the White Paper. In the first chapter we dealt, for example, with the Tax Burden on Individuals; the Capital Gains Tax; Wage Earner Expenses; the Integration System; the Mineral Industries; Taxing International Income; Coordination with the Provinces; and Impact on Revenues and the Economy.

Chapter 2 is headed: "The Individual and Family", and covers Increased Personal Exemptions; Pension and Retirement Savings Plans; Income Averaging Formula; and Benefits to Employees.

Chapter 3, "Capital Gains and Losses", contains many headings. In Chapter 4, headed: "Corporations and Their Shareholders", we rejected integration, and discussed Retention of Modified Dividend Tax Credit; Closely-Held and Widely-Held Corporations; Corporate Surpluses; Small Business Corporations; Public Utilities; and Co-operatives, Caisses Populaires and Credit Unions.

In Chapter 5, "Business and Property Income", we dealt with many subjects including Depreciation; Consolidated Returns; Incentives for Mining and Oil and Gas Industries; Non-Operators; Professional Income; Non-Profit Organizations; and Trusts.

• (1420)

In Chapter 6, "Taxing International Income", the committee considered Dividends from Foreign Corporations; Tax Havens; Foreign Business Corporations; Withholding Tax; and Capital Gains—Non-Residents. These are general considerations, not only on tax legislation but on the economic implications of tax legislation upon the private sector of the economy.

In the Summary, in which are set out the major points upon which the committee reported and made recommendations, one finds the primary concern is directed towards ensuring that the legislation does not unduly disrupt the economy, that co-ordination with the provinces is maintained and if possible improved and that the legislation preserves savings and the necessary moneys for Canadian economic expansion. The conclusion is reached that a tax system must preserve investment of capital and savings by Canadians and foreigners, and must permit Canada to remain competitive in world markets.

I have given only a few of the highlights that are apparent from the Table of Contents and the Summary. They indicate the breadth of interest taken by the committee at the time the White Paper was before it for consideration.

The committee was told by the minister yesterday that 44 recommendations made by the Senate committee had been adopted. If honourable senators will take the time to review what has been done since the presentation of the committee's report they will find that more recommendations were accepted from the Standing Senate Committee on Banking, Trade and Commerce than from any other source, including the House of Commons committee.

For example, the Senate committee recommended the abolition of the integration concept, which recommendation was accepted. It recommended serious modification of the capital gains tax proposed in the White Paper, and half rates as opposed to the full rates proposed in the White Paper will now apply. The concept of a five-year revaluation, which the committee strenuously opposed, was discarded. The provisions relating to registered retirement savings plans were changed radically. The maximum contribution of $1,500 in each year was increased to $2,500. This represents a significant change. The proposed tax law in respect of registered pension plans was changed just as radically. The maximum amount deductible per year, which was formerly $2,500, is now increased to $4,000.

The committee seriously considered the problem of principal residence. What was proposed in the White Paper does not appear in the bill, so apparently the committee's objection was noted. A number of views were expressed in respect of small business corporations, nearly all of which are reflected in the present bill.

Honourable senators, the committee undertook, in respect of the White Paper, a general review not only of the tax law but of its many implications with regard to the economy.

Turning to the study which has just been concluded, I would refer the house to the order of reference which appears in the *Debates of the Senate* of September 14, and which has been repeated in each of the committee's reports. It reads as follows:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto—

The committee was authorized to "examine and consider". Nothing could be wider than those terms of reference. We could examine the principles or any details.

An Hon. Senator: No.

Hon. Mr. Connolly (Ottawa West): Any senator could have come before the committee and raised any issue he wished. We were not inhibited in any way in our reference as to the type of study we made. In practice we took a broad approach.

The first three or four sessions of the committee were devoted to a review of Bill C-259. This work was done by two relatively young lawyers from Toronto, Mr. Arthur R. A. Scace and Mr. Stephen C. Smith. Incidentally, these two gentlemen were responsible for lectures given under the auspices of the Upper Canada Law Society to some 500 Ontario lawyers. They also carried a great deal of the burden in the meeting of the Canadian Tax Foundation in Vancouver on November 15, which was attended by some 1,300 professional and business people.

Mr. Scace and Mr. Smith discussed with us at length the broad implications of Bill C-259. Their evidence is a valuable textbook for amateurs and professional people, and I am sure all members of the committee are grateful for the service they rendered. They gave us a great overview of the bill.

When Senator Hayden tabled the Committee's final report last evening he listed the various topics these two gentlemen discussed with us. In reviewing the highlights of Bill C-259, they dealt with personal income tax, capital gains, evaluation of tax free zones, partnerships and professional incomes, corporations and distribution to shareholders, dividend tax credits, small businesses, intercorporate dividends, designated surplus, investment incomes of private companies, complexity, international income, taxation on the summary, and estate and death duties.

This was not in any sense a restrictive study; it was really an overall study of the entire tax structure as reflected in this bill. The character of the evidence that we heard in this second round of our inquiry into the tax reform legislation bears analysis. It was generally an excellent broad sampling of the private sector of the Canadian economy. We heard, for example, from the Canadian Chamber of Commerce; the Canadian Federation of Agriculture; the National Association of Canadian Credit Unions; the Canadian Bar Association; the Canadian Institute of Chartered Accountants; the Canadian Pulp and Paper Association; the Mining Association of Canada; the Canadian Mutual Funds Association; the Petroleum Association, life insurance and general insurance associations, the Canadian Construction Association, and the Royal Architectural Institute of Canada. This is not any specific, detailed, picayune kind of approach.

• (1430)

As a result of the evidence we heard from these very representative groups we saw what the effect of the proposed tax law would be upon various segments of the economy, upon various areas in the private sector, upon the various industries concerned. We cross-examined these witnesses, many of us at length. The briefs were well prepared. I would say the dialogue between the committee and the witnesses was excellent. I for one—and I am sure I speak for all members of the committee—appreciate the efforts these people made when they came before us to give us their views in so clear, concise and comprehensive a way.

I said earlier, but I think it bears repeating, that the proceedings of the committee form an invaluable textbook for people who are interested in the tax bill. It gives an overview of the bill; it shows the practical working of the bill and the criticisms that can be made about certain areas of it. We have reported and proposed remedies for the things we felt should be criticized. In short, honourable senators, I think the committee in its approach to the tax bill, in the work it has done, has discharged its duty, the duty of senators, the duty of legislators, and we took three full months to do it. We knew what we should do and we did it. We provided a public forum for the taxpayer to come and express his views about the proposed tax law. If the press or anyone else fails to recognize the value of this forum, if it or anyone else does not appreciate the value of the work and instead of expressing appreciation is on the contrary critical, then I say that is irresponsible criticism.

I do not propose to repeat what Senator Hayden said about the excellent work done by the committee staff. Mr. Frank Jackson, of our own staff, looked after the proceedings and the infrastructure. I am sure I will be pardoned if I make special reference to the very important work done by the Honourable Lazarus Phillips, our former colleague. I mention, too, Mr. Albert Poissant, Mr. Charles Mitchell, Mr. Alan Irving, and Mr. Douglas Ewens, all of whose names appear in the report made last night by Senator Hayden.

We drafted two comprehensive reports. I should not say "we", because the staff drafted them; we revised them. The reports that were tabled here on November 4 and November 30, although the second one was, as I recall it, dated November 24, were good reports. They were reports of which any Senate committee could be proud. We followed that up by making drafts of specific amendments which we thought might reflect the views expressed in our reports. It is true that the draftsmanship of some of these specific amendments has not been completed. As Senator Hayden said at the second last meeting of the committee, we simply have not had time to put this material together.

We should remind ourselves that this measure has been studied in detail by many bodies outside this house. Most of the large accounting houses in Canada have issued comprehensive brochures on this tax measure, brochures which in themselves are difficult and complicated. Furthermore, they have given courses, mainly to their clients. I have already mentioned that the Law Society of Upper Canada arranged a course which was attended by over 500 lawyers, mostly from Ontario. CCH Canadian Limited published an analysis of this bill, together with an annotated copy relating the old law to the present bill. This proved to be an invaluable document for the Senate committee. The Tax Foundation meeting in November attracted 1,300 people. It too was highly successful.

I understand that a task force and other groups in the Department of National Revenue have been very active. I do not presume to answer Senator Flynn's question, but I know that bulletins have been published by the department from time to time on certain aspects of the tax legislation.

Hon. Mr. Flynn: I suggest that a bulletin is something different from a form. A bulletin is for information, while a form is for direction.

Hon. Mr. Connolly (Ottawa West): That may be so. I do not presume to answer the question, as I do not know.

In addition, this tax reform bill has been discussed at a very high level—at a federal-provincial conference, at meetings of finance ministers, and at meetings of the first ministers.

When I was speaking to Senator Hayden's motion on September 14, I referred to the White Paper and I gave the minister credit for "daring" to listen as he did to our committee and to the House of Commons committee. From our experience yesterday afternoon, we can validly come to the conclusion that the minister certainly has dared to listen to the recommendations of our committee in respect to the bill itself.

We are all tremendously indebted to the chairman of the committee, Senator Salter Hayden. Here is a man who spent many long hours and days and weekends working at tax legislation, first on the White Paper and then on the bill itself. The concept he envisaged for our procedure on this measure, to give us a three-month opportunity to study the bill, was brilliant. Indeed, it sets a pattern for future activity for this chamber in complicated measures of this kind. The execution of the project, for our examination of this bill, has been of as high an order as the other work which Senator Hayden has performed for the committee and on behalf of the Senate. It could well be that his work over the past several years in connection with tax reform legislation in this country will be his masterpiece and his monument.

Honourable senators, we in Canada have been engaged in a discussion of tax reform for some ten years. We have had a royal commission, a White Paper, and now a tax reform bill. I suggest that there must be some finality to this long process, that a decision must be made and must be translated into action by a government which is elected to govern.

Some people say that this bill is too complicated, that they cannot understand it. I would ask those people how much of the existing tax law of Canada they understand at present. Most of us understand those sections of the tax law which affect us personally. If we happen to be advising in professional capacities, we understand, learn and, very often after a great deal of research, know what the problems are for the people we are advising.

• (1440)

In dealing with such a complicated measure as this, I suppose ultimately we all come to question, "What is the capacity of Parliament to deal with measures as voluminous and as difficult as the new tax act or any income tax act?" But are we going to say that Parliament cannot do it? Are we going to say that it is beyond the reach of Parliament to deal with a measure of this kind?

As far as this chamber is concerned, if we attack measures like this in the way the Standing Senate Committee on Banking, Trade and Commerce has attacked this particular measure, then the way for Parliament to proceed in future is pretty well indicated by what we have done.

I still think the Standing Senate Committee on Banking, Trade and Commerce is the best committee in Parliament.

Hon. Allister Grosart: Honourable senators, after listening to Senator Connolly (Ottawa West) I am wondering what the purpose of his speech was. I assume it was a special plea.

[Hon. Mr. Connolly (Ottawa West).]

Hon. Mr. Connolly (Ottawa West): No, it was no special plea.

Hon. Mr. Flynn: Oh, yes, implicitly.

Hon. Mr. Grosart: I assume it was a special plea for the Senate to pass this bill expeditiously, and without full discussion in the chamber.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I rise on a point of order. I must ask Senator Grosart not to impute motives to me. I think the members of the Senate will take my word when I explain that I simply wanted to say that I have always been most impressed with the work of the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Grosart: You have said that.

Hon. Mr. Connolly (Ottawa West): In my view, that committee has done a magnificent job on tax reform generally, and particularly on this bill. It is up to the committee, and indeed up to the Senate, to point out the value and extent of the work that has been done.

Hon. Mr. Flynn: That is hardly a point of order.

Hon. Mr. Grosart: If Senator Connolly objects to my assumption, I can only say that I am very sorry. I cannot change my assumption, because it is based on what I heard. It may be wrong, of course, and I concede him that. But I still say that was my assumption, particularly when the honourable senator said at the end of his remarks that the way to attack the problem is the way the Standing Senate Committee on Banking, Trade and Commerce has attacked it. He said that that is the way to attack it in Parliament, and he made reference to the three-month study of the Standing Senate Committee on Banking, Trade and Commerce. If he was referring to that when he said that that is the way it should be handled in this chamber, then I am inclined to agree with him. But, as I say, I did not gather that to be the thrust of his remarks.

The perfect answer to such an assumption is to be found in this morning's *Gazette* in an editorial written by John Meyer, a name familiar to all honourable members of this house. That editorial puts the position that is before the Senate—and it is before the Senate because we have been given a calendar. The finest answer to the situation that confronts the Senate is to be found in this editorial, which reads:

> It's up to the Senate to stand firm on reform.
>
> The federal government used the guillotine again on Monday to chop off debate on the third reading of tax reform. Debate will end on Friday and the bill sent to the Senate which, apparently, is expected to rubber stamp it in time for the Christmas recess. The Senators, however, are bitterly resentful of this procedure—

And I would interject that I know some who are.

> —and may just possibly insist on amending the bill, sending it back to Commons where, again, use of the guillotine would be necessary to put it through.
>
> Another possibility is that Finance Minister Benson in return for quick action now may undertake to put

through the Senate's amendments, or some of them, next year as part of the continuing process of working the legislation into shape.

I think that suggestion, made by Mr. Meyer before he knew what would happen yesterday, makes this comment entirely relevant because that is exactly what happened yesterday. Mr. Meyer's suggestion as to how we might answer it is found in the words with which he continues his editorial:

> It's to be hoped the Senate won't deal. Nothing would be lost to taxpayers by prolonging Senate debate and a great deal could be gained by retaining an open forum for discussion.
>
> The measures applying to corporate taxation are so questionable in so many aspects that, inevitably, clarification will become the function of officials in the Departments of Finance and Revenue to a degree that will usurp the function of Parliament unless, of course, that latter function is exercised by delaying passage. There has never been a greater need for the Senate as a chamber of sober, second thought.
>
> It has no lack of justification in the complexities of the bill itself and the cavalier indifference to its own views on the legislation.

Senator Connolly rightly praised the work of the Standing Senate Committee on Banking, Trade and Commerce, but as informed a commentator as Mr. Meyer says the Government's response to that work has been cavalier. The editorial goes on:

> The government is taking the position that the Opposition is being unnecessarily obstructionist, that it is standing in the way of passing on the benefits of tax reform to those in the low income brackets. This is nonsense. The bill could have been split between personal and corporate measures, putting through the former while holding over the latter for further study.
>
> The seeds of the government's difficulties with the bill were planted in Mr. Benson's determination to put through the whole package of reform by the beginning of this year. Mr. Benson, apparently, never has recognized how complex the reform measures were, both in their immediate application and in their implications. Either that or he is determined to put the bill through regardless of its faults.
>
> The time provided for debate, in any event, has been much too limited—particularly when the bill has been amended more or less continuously throughout and has, as Mr. Benson freely concedes, still to be amended after passage. Had he phased his approach to reform, took personal income first and then moved by degrees into corporate income, he would not have had to resort to the guillotine. And, of course, the legislation would be more workable.
>
> As it is, he violates his own guidelines of clarity, equity and acceptability. In the process he is riding roughshod over Parliament, the provinces and business institutions. The damage he is doing to his own party, in the extent to which his actions have eroded its credibility, is incalculable. It's an excessively high price to pay for ministerial ambition.

Hon. L. P. Beaubien: Honourable senators, I am sorry that Senator Hayden is not here, because I should like to tell him how much I admire the work he has done on this committee. I should like to tell him how grateful we are for his obtaining a high-class staff who received no remuneration for their work with the committee. This is something we should always bear in mind.

• (1450)

I congratulate Senator Connolly (Ottawa West) on his reference to and explanation of the committee's report on the White Paper proposals for tax reform tabled in September 1970. He read to us the order of reference of September 14 last, from which it seems the committee could have studied the great differences between the recommendations in the report on the White Paper and what is provided in Bill C-259. The committee did not do that. Fortunately the subject matter of the bill was referred to the committee, and we now know, to a great extent, what is in the bill. However, the committee did not compare what is in the bill with what is suggested in the report as being good tax law.

Honourable senators, there are some great differences. I shall not deal with them at length but the committee recommended, for instance, that the capital gains tax be a special tax at half the going rate and, in any event, the rate should not exceed 25 per cent. As you know, capital gains, according to this bill, are considered as income, and taxed accordingly. I am not going to say that the committee's system is better than that devised by the Government, but surely if we are going to pass a law we should examine it carefully to see whether the Government is right.

Let us look at the mining industry. The committee examined the mining industry at length. It studied the laws of our friends to the south, and gave the subject a great deal of thought. Bill C-259 originally ignored unearned depletion completely, and so far as exploration is concerned provided that a mining company could get $1 of earned depletion for every $3 it spent. Then the two big corporations in Quebec told the Minister of Finance they were going to stop work the following day, and the bill was amended to allow mining and extractive industries to deduct 15 per cent of the tax they would otherwise pay to the federal Government, which means that their basic tax would be 35 per cent instead of 53 per cent. Since the mining industry has a tax base of about 32 per cent, it is not that bad, and if a company has a lot of earned depletion it may be quite good. But, it seems to me that we should examine this situation before we make a decision. After all, that is what we are here for.

The dividend tax credit has been mentioned. As honourable senators know, the dividend tax credit means that if you receive Canadian dividends you may deduct from your tax 20 per cent of the Canadian dividends. That is the maximum. What is proposed here? If you get so much in dividends, you gross up and you add an imaginary one-third, and then calculate the tax you would pay. But if you are to go by what Mr. Benson has put in here, from the tax you otherwise would pay you take off the one-third you added on first to get a tax base. I am looking at page 36 of the Summary of 1971 Tax Reform Legislation. If you get, for example, $300 in dividends you add on $100,

and you have a total of $400 as your tax base, and then you deduct the $100 again at the end.

The new section 121 in Bill C-259 tells a totally different story. The marginal note is "Deduction in respect of taxable dividends", and the section reads as follows:

> 121. There may be deducted from the tax otherwise payable under this Part by an individual for a taxation year 4/5 of any amount that is, by paragraph 82(1)(b), required to be included in computing his income for the year.

There is a tremendous difference between taking off four-fifths, and taking off the 100 per cent and grossing up.

I hope I have made myself clear, but let me explain further. If you receive $3,000 in dividends and add $1,000 the total is $4,000, on which you calculate the tax, and then you deduct the amount you grossed up.

Hon. Mr. Lang: May I interject a remark here?

Hon. Mr. Beaubien: Yes.

Hon. Mr. Lang: I was confounded by the apparent discrepancy between that section and the other points mentioned by my honourable colleague, but I have learned since that they are, in fact, consistent in that allowance is made for a provincial tax credit. In other words, the summary was published for those simpletons among us who are not sufficiently aware of the complexities of that piece of legislation. I believe the bill does, in fact, produce the same results.

Hon. Mr. Beaubien: That brings me to the last point I want to deal with, the matter of co-operation with the provinces. Senator Lang has said that because of concessions from the provinces it can be deducted. But if you leave the provinces with no tax laws at all on that point, where do you stand? It is all very well to pass legislation on the basis that perhaps the provinces will do something, or perhaps they will not.

Some of us might be unlucky enough to die in the next few months. What position would our estates be in then? Gift tax is gone and estate tax is gone. We are starting off on matters in which the provinces have a tremendous say but, as far as I know, we have not got anywhere with the provinces. If you are looking after an estate, do you know where you stand? If you have to sell some securities at the beginning of the year for one reason or another, how do you choose? The regulations indicate that you are going to have to take your securities in one block, and state whether you are going to take cost or the valuation on valuation day.

• (1500)

The majority of people will not sell their securities unless they are required to, and then, all of a sudden, they are going to have to choose. If you have had your securities for a long time and are not aware of their cost you will have to take their valuation on valuation day. This will be terribly unfair to the person who buys Bell Telephone stock at $65 and discovers that on valuation day it is worth roughly $45, as it is today, and then six months later it is worth $50. He does not know what his cost is.

All these considerations need to be examined by knowledgeable people. The only way this can be accomplished is to have the concurrence of the provinces. Otherwise, I do not see where we are going. We have not had co-ordination with the provinces. This is serious business. I am not trying to play politics. I am merely trying to show that this is serious business which is upsetting to a great many people. It is difficult to advise people how to choose. I feel we should go over this bill again and iron out several points which I, at least, do not understand.

Honourable senators, I would like to say a few words to the Leader of the Government when he is here. Therefore, I move the adjournment of the debate.

On motion of Hon. Mr. Beaubien, debate adjourned.

APPROPRIATION BILL NO. 4, 1971

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Langlois, for the second reading of Bill C-273, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972.

Hon. Allister Grosart: Honourable senators, Senator Connolly (Ottawa West) has referred to our procedure in handling consideration of appropriation bills. The supplementary Estimates on which this bill is based have been before our Standing Senate Committee on National Finance. That committee has made its report, and Senator Langlois has commented on the report as well as on the bill.

It is worth pointing out, however, that there is considerable difference between the supplementary Estimates and the appropriation act which implements the spending intentions of the Government as expressed in the supplementary Estimates. The supplementary Estimates do not carry the enabling clauses, of which there are five in this bill. Perhaps it is worth calling your attention to them. The preamble to Bill C-273 concludes:

> —be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and House of Commons of Canada—

We often hear, as we will no doubt hear again, either inside this place or outside it, that the Senate has no business dealing with tax bills or money bills. I merely point out that this bill requires that it be enacted by and with the consent of the Senate. This is our full authority to deal with the spending of public money and the levying of taxes.

Paragraph 1, entitled "Short title", reads:

> This act may be cited as the *Appropriation Act No. 4, 1971.*

Paragraph 2 shows an amount of nearly $674 million which Parliament is asked to approve as supplementary Estimates to the main Estimates and the appropriation bills which have already been passed. Senator Langlois has already commented on this in his excellent summary. But I would like to point out that this is not the total amount of additional spending that Parliament is faced with. There is an additional $198 million of statutory expenditures which brings the total from $673 million to $872 million. As the Blue Book on supplementaries indicates, this figure of $198 million does not have to be voted because it is already covered by existing statutes.

Paragraph 3, entitled "Purpose and effect of each item", deals with the control and authority to spend this money. It is a short paragraph and I would like to read it. I am going to suggest that Information Canada print this in large type and distribute it to the office of every minister, deputy minister, and associate minister in the Government of Canada. The paragraph reads:

> The amount authorized by this act to be paid or applied in respect of an item may be paid or applied only for the purposes and subject to any terms and conditions specified in the item, and the payment or application of any amount pursuant to the item has such operation and effect as may be stated or described therein.

The Auditor General and others have brought to our attention on numerous occasions that essential controls on spending have not been observed.

Subclause (2) of clause 3 is often overlooked in discussing appropriation bills. It reads:

> The provisions of each item in the schedule shall be deemed to have been enacted by Parliament on the 1st day of April, 1971.

The officials have indicated their reasons for preferring it this way. I feel we should be aware of the extraordinary procedure we are being asked to follow today—as well as on other occasions—to approve spending which may have taken place since April 1 of this year. This is in the supplementary Estimates.

I have not given notice to Senator Langlois, and I am not pressuring him for an answer today, but as the sponsor of the bill I would like him to inform us whether any of the money covered by Supplementary Estimates (A) has already been spent; I would assume that it has. It would be interesting to know whether we are being put in the position of voting to approve money which has been spent without the authority of Parliament.

Hon. Mr. Flynn: Not only spent but committed.

Hon. Mr. Grosart: Yes, spent or committed. I do not suggest that this is the situation, but if it is this should be disclosed when we are asked to vote on the matter. Retroactive legislation is bad enough at any time; it is far worse when its effect is to authorize the spending of money which had no prior authorization.

• (1510)

The last clause, clause 5, requires that these amounts when spent be accounted for in the Public Accounts in accordance with section 55 of the Financial Administration Act. The marginal note of section 55 reads, "Submission of Public Accounts to Parliament". It has not been the practice to submit the Public Accounts to Parliament. They have been submitted to and passed by the House of Commons only. It is true that the act itself is somewhat at variance with the marginal note, but I suggest, as I have done in the past, that in due course the Public Accounts should be submitted, when available, to the Standing Senate Committee on National Finance. It makes very little sense to spend the time we do on the Estimates unless we are prepared to return at the end of the year and report in general to the Senate our satisfaction or otherwise as a committee on National Finance that the moneys, within reason, have been spent in accordance with the announced spending intentions of the Government.

Here again it may be said that Public Accounts are not normally the business of the Senate. Then we should change the name of our committee from National Finance. Surely any committee on National Finance has to be every bit as much concerned with the manner in which the money is spent as it is with the manner in which it is intended to be spent.

I commend Senator Langlois for the excellent summary he presented of the figures. Perhaps it should be brought to the attention of the Senate that although on the page headed "Supply, 1971-72" we read, "Total Estimates (to be Voted) tabled to date" are $8.9 billion—approximately $9 billion—we should not consider this to be the total spending of the Government for the year, even though the Appropriation Act No. 3 which we passed granted full supply. The $9 billion, of course, is only one part of the Government expenditures for the year. Others appear on the second page, "Estimates, 1971-1972" where Senator Langlois has added the statutory expenditures of $7.2 billion, to arrive at a total of $16.2 billion expenditures for the year.

I am sure that all honourable senators are interested in the answer given by Senator Langlois to my inquiry, that this represents an increase, year to year, of 6 per cent. That, I take it, was perfectly correct in the context of the figures with which he was dealing and which are normally considered. However, I remain perplexed at my difficulty in reconciling the Government's own figures as issued from time to time. The Treasury Board publication entitled "How Your Tax Dollar is Spent", contains, under the heading, "The Spending Program—Past, Present and Future", the spending program from 1964 to 1971-72. In this official statement by the Government I read that the spending program for 1971-72 is $14.3 billion. When I refer to the Supplementary Estimates (A), I find they start with the figure $15.3 billion, to which we add the $872 million of which I have spoken, making a total of $16.2 billion.

I repeat my previous observation that while there are explanations of these apparent superficial discrepancies, the time has come when the Government should make up its mind as to the nomenclature it will use when informing Parliament or the Canadian public of its spending program for the year. We have never had it *in toto* before this house so far in respect of years or at the time we are asked to approve expenditures. I therefore ask that the necessary steps be taken to present to Parliament and the public at one time and consistently throughout the year the exact total expenditures by the Government of Canada.

Hon. Jacques Flynn: Before Senator Langlois closes the debate, I should like to add a few words in connection with the problem raised by Senator Grosart as to the power of the Senate to deal with money bills. This is appropriate in the prevailing special circumstances, and may be of relevance in the days to come.

I have just obtained the text of the British North America Act in order to refresh my memory. I wished to read all the provisions pertinent to the problem, but from what I have read so far, and if my memory serves me correctly,

there is no doubt whatsoever that constitutionally the Senate has the power to deal with any money bill as it wishes. The only restriction contained in the Constitution—I do not know whether I should still refer to the BNA Act as the Constitution—with regard to money bills is in sections 53 and 54, which provide:

> 53. Bills for appropriating any Part of the Public Revenue, or for imposing any Tax or Impost, shall originate in the House of Commons.
>
> 54. It shall not be lawful for the House of Commons to adopt or pass any Vote, Resolution, Address, or Bill for the Appropriation of any Part of the Public Revenue, or of any Tax or Impost, to any Purpose that has not been first recommended to that House by Message of the Governor General in the Session in which such Vote, Resolution, Address, or Bill is proposed.

Therefore, the first restriction is that the bill must originate in the House of Commons. Secondly, it must be recommended by the Governor in Council. In view of this, the Senate is entirely free to dispose of any money bill received by it in any manner it sees fit provided it does not add to the tax imposed or the burden on the public purse. It may delete, vote against, or deal otherwise with such bills provided it does not—and I think this is the only limitation that exists—add to the burden on the public purse. I want this to be clear.

Although I do not object or care very much, I have always wondered when royal assent is given to an appropriation bill—and this occurs only in respect of an appropriation bill, and not any other bill which imposes some burden on the public treasury—why the Speaker of the House of Commons presents the bill with a green ribbon. I do not think the practice is based on any section of the BNA Act. It may represent pride on the part of the Commons. It may be a logical procedure, or it may be based on tradition. I do not object if they wish the practice to continue, but I would be very surprised if anyone were to find justification for it in the BNA Act.

As far as I am concerned, we are entirely free, within the limits I have indicated, to deal with any money bill.

Hon. Mr. Choquette: And to amend it.

Hon. Mr. Burchill: Does Senator Flynn know of any occasion on which the Senate exercised its right in this respect? I have been here a long time, and while I have heard excellent speeches on such bills I do not recall any occasion when this house altered any such bill.

Hon. Mr. Flynn: Do I understand that the honourable senator is asking me whether I recall an amendment of a money bill by the Senate?

Hon. Mr. Smith: Appropriation bill.

Hon. Mr. Flynn: The point is well taken by Senator Smith who interjected "appropriation bill." The term "money bill" includes an appropriation bill, but an appropriation bill does not embody a money bill. Senator Burchill may remember the famous "class and kind" bill which was amended by the Senate some years ago. Discretion was given to the minister concerned in deciding whether a certain class or kind of goods was or was not subject to tax. That was a money bill that was amended by the Senate. But I do not recall an appropriation bill being amended.

However, the fact that the Senate has never exercised its discretion does not mean it could not do so. Constitutional authorities are unanimous in saying that this house could vote against an appropriation bill. The consequences of such action would be another matter. In such a situation the Government would probably call an election and let the public decide whether the Senate was right or wrong, and most likely public opinion would be that the Senate was wrong in voting against what was purely an appropriation bill. That also is another matter.

I doubt very much whether the situation would be the same if, for instance, we were to vote against an item contained in an appropriation bill after having studied the Estimates and reached the conclusion that there was waste involved, and that it was wrong to appropriate money for that particular purpose. If the Senate were to decrease the amount of an appropriation bill, having decided that the original figure represented waste and a bad administrative decision, its action would probably meet with similar reaction from the public.

I am speaking now of principle. Senator Burchill introduced the problem of practice, precedent, and tradition, but that is something else. As far as I know there has been no decision of either the Supreme Court or the Privy Council which contradicts the position I am now taking.

Hon. Leopold Langlois: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if the honourable Senator Langlois speaks now, his speech will have the effect of closing the debate on second reading.

Hon. Mr. Langlois: Honourable senators, I rise at this time merely to make a correction to two replies that I gave last night to questions raised by Senator Grosart.

Senator Grosart asked me to relate the total spending intention of the Government of $16.2 billion to the equivalent figure for last year. I replied to the effect that the total Estimates tabled to date were $16,212,940,921, an increase of 6 per cent over the original main Estimates for 1970-71. I wish to correct my reply by saying that the Estimates tabled to date total $16,212,940,921, an increase of 18 per cent over the original main Estimates for 1970-71. The total of the main Estimates and Supplementary Estimates (A) for 1971-72, represents an increase of $1.8 million, or 12.5 per cent, over the total of the Main Estimates plus Supplementary Estimates (A) and (B) for 1970-71.

In fairness to my honourable colleague I felt that I should make that correction at this time.

Senator Grosart also asked what would be the balance of revenue and anticipated expenditure at the end of the fiscal year; in other words, would there be a deficit, and, if so, how much? My reply is that the Minister of Finance stated on October 14 last that changes had taken place since his June budget which implied a budgetary deficit in the fiscal year 1971-72 of $1 billion resulting from anticipated revenues of $13.58 billion and expenditures of $14.58 billion.

The budgetary Estimates tabled to date total $14.912 billion. As the honourable senator is no doubt aware, the

actual expenditures will be less due to under-expenditures or lapses.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

• (1530)

Hon. Mr. Langlois: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Hon. Mr. Flynn: Keep something for tomorrow.

Motion agreed to.

POVERTY

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, December 9, the adjourned debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.

Hon. Grattan O'Leary: Honourable senators, my first words must be to express regret that after the lively discussion we have had here this afternoon you must now descend with me into dullness. However, I must say that if there be one subject on earth about which I can speak with some authority gained from first hand experience, it is the subject of poverty.

Next, I should express my appreciation, as I am sure it is the appreciation of all in this house, for the dedication of those who were members of the Special Committee of the Senate on Poverty in Canada. I know, especially at my age, that it is not easy to travel all over this country. I had the most heartfelt sympathy for Senator Croll when he was in the throes of writing this report. I had that sympathy because I had that experience myself when I was chairman of a royal commission.

What I will be saying here today is not on behalf of any party. I do not speak for those on this side of the house; I do not speak for any group or organization whatsoever. My thoughts, scattered perhaps as they shall be, are my own.

I came originally from one of the most impoverished regions of this land today, the region of Gaspé. I was born and reared in Gaspé, and I want to say to Senator Croll that I am very much afraid that, if I had been promised as a boy in Gaspé a guaranteed annual income in the future, I still would be in Gaspé in that ghetto of poverty.

As I look at the empty seat of the Leader of the Government in this house, whose past I know very well, I think I would say to him if he was here that if he, during his boyhood days when he was struggling for university education, had been promised a guaranteed annual income, he might not have attained the position of eminence in this country which he occupies today.

Some Hon. Senators: Hear, hear.

Hon. Mr. O'Leary: These are things which I feel must be said. I know nothing of the financial aspect of this guaranteed annual income, but I hear competent people saying that the country cannot afford it. I do not know. What I do know is that the morale of our people and the worth and human dignity of our people cannot afford a guaranteed annual income.

You may think I am old fashioned; you may think I am one of those people of whom it is sometimes said that they do not want anything to be done for the first time. Well, frankly, I do not want the guaranteed annual income to come for the first time. I am too old to join in the pessimism of many of our youth, but having lived in the shadow of Parliament now for perhaps too many years, I am suspicious and afraid of the state. I am afraid of the planned state. I am afraid of a nation dominated by big government, big business, and big unions. I am afraid of a state dominated by the industrialists and the scientists, supported by bureaucrats, with the concept of liberty constantly being eroded to the concept of state control.

We used to call this land the land of opportunity. We almost paraphrased Lincoln's famous phrase about the last best hope on earth. But today, because of our record over the past 35 years, we see young men trying to avoid the adventurous life. We see young men craving for the unadventured life, and we see young men at the age of 20 hoping for security from the state at the age of 60. I do believe that this is doing something to the morale of our people.

We used to call this one of the great last lands of opportunity. We used to go to Europe and say, "Come to our horizons of hope; come and take advantage of the opportunity we will give you." What do we tell them now? We tell them to come to our country and we will guarantee them an annual income. We say, "Come to our country and we will give you social security. We will give you this and give you that, and we will give you in the end a guaranteed annual income."

That is not the spirit in which Canada was born. That was not the spirit of the pioneers who came to this land and settled it, and, God knows, that was not the spirit of the men who, with sword and crucifix in hand, went into the wilderness and left their names and often their bones in what was then a land of savages.

These were our ancestors; these men left us a heritage and a spirit, and that spirit is being eroded year after year by this concept and that concept, most of which had their origin in Marxist socialist thought.

I am not one of those who refuse to listen to the arguments or the importunities of people, but there are certain basic facts in life which are true today, will be true tomorrow, and will be true to the last syllable of time. When the young men of this land lose their initiative, their ambitions, and their sense of dignity, then I say that that is the stuff of decay, that is the stuff of defeat, and all of us, whether we call ourselves Liberals or Conservatives or anything else, who live in this land, who know its past, and who are proud of the heritage that has been left to all of us, should resist this thing, and I will resist such policies to the last breath of my life.

I must say to Senator Croll, having read his report, that had he not achieved distinction in politics he would certainly have received distinction as a "pamphleteer,"

because this is a pamphlet on poverty. It is not a report; it is a story about poverty.

I do not like to make invidious comparisons. I listened to most of the speeches, and those I did not hear I read. I am bound to say that the speech which seemed to me to come closest to the root of poverty was that of Senator McGrand. I say this because he talked about conditions which also existed in my native Gaspé. I witnessed such things as a boy and I have seen them there since.

• (1540)

When I was a young man in Gaspé we had 100-acre farms. We tilled those farms and grew our vegetables. We raised our cattle and our sheep. We sheared the sheep in the spring, and put the wool out on the snow to bleach. Then we brought it in, carded it, spun it, and finally took it to a loom and turned out the homespun that we wore.

I hear people talking about how much tourism has brought to Gaspé. I say to my friend Senator Langlois, who must know something about this, that in many respects tourism has been more of a curse than a cure for Gaspé. Why? The young men worked on their fathers' farms 75 and 80 years ago when I was there, and loved those farms. Now the young men have deserted the farms. In the summer they work for two months, in July and August, catering to tourists, and when that is over they go back on government relief of some sort or another. The farms I knew as a boy are now deserted. The Irish Town Road, which I knew, is now a scene of desolation; the old homes are boarded up and the farms submerged in switchgrass. That is what has come about because of this infernal thinking that, "After all, let the worst come to the worst, the state will look after me." My friend Senator Langlois knows that has happened around Gaspé.

I know that the tourist industry has brought something for people who run hotels, motels or something like that. But it has brought nothing to the majority of the people, nothing for the farms I knew. Those farms are now deserted.

Senator McGrand spoke of what was being done in the Scandinavian countries, in Belgium, Holland, and so on. I have seen these things myself. He said, rightly, that an effort should be made to do the same thing for the Gaspé and other regions of Canada. I think—and I do not say this with partisan bitterness—that this sort of treatment for Gaspé, for northern New Brunswick, which I know as well as Gaspé, would be far better and far more productive than what is called regional development, always with the awful risk that regional development will in the end turn out to be constituency development. Some day I will get up in the Senate and speak about that.

I believe this Government, this Parliament, and this country should send a committee, a deputation, a delegation, call it what you will, comprised of knowledgeable people, to Scandinavia, Belgium and Holland to see what is being done with, for example, what Senator McGrand called tree-farming. We have forestry experts in this country; the University of New Brunswick has been famed for it. Let these people go to Europe to see what has been done there, then come back and tell us if we can do the same thing in certain regions of our country, such as the northern shore of New Brunswick and the Gaspé Peninsula. I believe this is possible. For heaven's sake let us get away from this new philosophy or theory in Canada that the state will take care of us in the end no matter what may come.

I am not criticizing the sincerity of men like Senator Croll and those who served on the committee, often at great inconvenience to themselves. It was a good committee in its way, but I do not think the approach is right.

I have often said in this chamber that if I had my way I would dot the country with libraries, in every village and hamlet. I say that because I think it would be the best approach to education. Speaking of education, I think the present approach is wrong. We have confused, and we are confusing, technical training with true education. Although we need technical training in a world like this, although we need technology and science, they are not education. Education is not something to make a man a lawyer, a doctor, an engineer or a priest. It is something to make him a man. If we forget that, we forget what true education is about. In this country we are forgetting the simple truth that there is no sense pasting wings on a man unless you can give him a winged nature.

We are forgetting that the true worth and value of education is not to give a man a standard of living, but is to give him a standard of life. That is what education is about. We have built these enormous schools all over the country; we have dotted the land with schools, with their huge auditoriums, their campuses, and so on, to train men, not to educate them. This is something the country will have to take in hand. I know the provinces have to control education, but the spirit of true education should be inculcated into our people, into our young people, into our high schools. They should be told and taught there that training is not education. They should be told more about the history of government of the country. What they get there now is no history after the French Revolution. This is pitiful.

I speak with some feeling on this. I am not in this chamber because of the formal education I received. I left school at the age of eight. I never went to high school. But God was good to me in that I knew an old bishop in Gaspé, Bishop Bossé, whom many senators will remember. His sister lived on an adjoining farm to ours; he learned from his sister that I loved books, so he sent me his books. He was a remarkable man. He sent me biography, history, poetry and novels. He once even sent me the sermons of that famous Baptist devine, De Witt Chalmers. I wonder how many Baptists in this chamber know the works of De Witt Chalmers. Yet a Roman Catholic Archbishop sent a Roman Catholic boy the speeches of De Witt Chalmers.

When I read these books, I read them by candlelight because we had not yet reached the kerosene stage. I read them by the light of candles made in our own home. I read them late at night with the winter wind howling outside. What did they do for me? They made me think that I must explore that outer world. I got to know about that world which is far, far beyond the Gaspé coast. It also made me know that I had to work to get to that outer world. I worked in a lumber mill at the age of twelve. I went to sea at the age of fourteen and remained two years at sea. I came ashore in Saint John, New Brunswick, and worked in the Saint John's iron works, in the Pinder nail works, in

a brewery; I worked in a hardware shop. I went up to Richibucto, a little windswept village on the Northumberland Strait and worked in a store. Finally I got a job as a reporter, which I am sure has been a bad thing for journalism, but at least it saved my spirit and my soul. I have never thought of the state looking after me, never; I never thought of it, I expect, until I guiltily entered this chamber in this Senate.

• (1550)

Honourable senators, these are things I feel deeply. When I think of poverty, which I know so well, and the boys who went to school with me, I cannot think of one of them now who is not very very close to the state of poverty. This is because they stayed in Gaspé, because they did not work at anything else. I do not blame them for not looking for more. We had never thought, there, of getting things from the Government. As a matter of fact, when I was there they were mostly Conservatives, and the Liberals were always in power, so the Government would not give us anything, anyway.

Hon. Mr. Flynn: Times have changed.

Hon. Mr. O'Leary: They have changed all right. Even in Irish Town they gave my friend Senator Langlois an election once.

Hon. Mr. Langlois: Times have changed for you too.

Hon. Mr. O'Leary: Honourable senators, I know that a lot of good, hard work and dedication went into this report; but, if adopted, it will not eradicate poverty. A guaranteed annual income will paper over poverty. Actually, it will subsidize and entrench poverty, and so I am against it.

Hon. Mr. Langlois: Honourable senators, since the attention of the Senate has been drawn to the absence of the Leader of the Government (Hon. Mr. Martin) from the house this afternoon, I wish to inform you that he is in Pembroke, visiting his sister who is very ill. I am sure I speak for all honourable senators when I express our best wishes for her speedy and complete recovery.

If no other honourable senator wishes to participate in this debate at this time, I would move the adjournment of the debate.

On motion of Hon. Mr. Langlois debate adjourned.

TAX REFORM

CONSIDERATION OF PRELIMINARY REPORT NO. 2 OF BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM LEGISLATION—DEBATE CONCLUDED

The Senate resumed from Wednesday, December 8, the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce, on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.

Hon. Jacques Flynn: Honourable senators, there is no reason why this order should continue to remain on our Order Paper since, in the consideration of the final report, we can deal with the first and second reports. Therefore, I suggest that this item be dropped.

Before doing so, I should like to draw attention to one point. When he was dealing with the remarks which I made yesterday, Senator Connolly (Ottawa West) suggested that I was wrong in describing the limits of the work of the Standing Committee on Banking, Trade and Commerce on Bill C-259 because of the wide terms of reference in the resolution we adopted.

Technically speaking, Senator Connolly (Ottawa West) may have been right. However, if you refer to the debate which took place at that time, it is obvious that we were not going to deal with matters of policy. Senator Beaubien was quite clear on that point. He said that when the committee considered Bill C-259 it did not consider the problem of capital gains tax. This is one very important matter. We stuck with the technical problems.

I think it would be wrong to assume that when the bill comes to the Senate the only question facing us will be whether the recommendations of the committee, as contained in the three reports, will be implemented eventually. The debate cannot be limited to that, it is much wider and it would be totally unfair and unjust to take such an attitude.

The Hon. the Speaker: Honourable senators, this order is now considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Frederick William Rowe, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Hon. Frederick William Rowe, of St. John's, Newfoundland, introduced between Hon. Mr. Martin and Hon. Mr. Basha.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

INTERNAL ECONOMY

BUDGET OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TABLED

Hon. Donald Smith: Honourable senators, as Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, I desire to table the committee's report approving the budget of the Standing Senate Committee on Legal and Constitutional Affairs with regard to its examination of the parole system in Canada.

SENATE ACCOUNTS

THIRD REPORT OF STANDING COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

Hon. Donald Smith: Honourable senators, the Standing Committee on Internal Economy, Budgets and Administration presents its third report as follows:

Your committee recommend that pursuant to subsection (1) of section 44 of the Senate and House of Commons Act, the following expenses shall be paid to Members of the Senate:

(a) (i) Subject to paragraph (v), such expenses incurred by members of the Senate in travelling one return trip each week between their place of residence and Ottawa by common carrier not in excess of the cost of air transportation economy fares (or first class in exceptional circumstances), which are supported by receipted vouchers, plus airporter service ground transportation expenses between the airline pick up point and airport, in Ottawa and in their place of residence;

or

(ii) Such expenses incurred by members of the Senate in travelling one return trip each week between their place of residence and Ottawa by motor vehicle not in excess of the cost of air transportation economy fares or sixteen cents per mile, whichever shall be the less;

(iii) Such expenses incurred by members of the Senate in travelling 10 return trips in each period of twelve consecutive months to any place in Canada from Ottawa or from their place of residence by common carrier not in excess of the cost of air transportation economy fares (or first class in exceptional circumstances) which are supported by receipted vouchers, plus airporter service ground transportation expenses between the airline pick up point and airport, in Ottawa, their place of residence or in the place in Canada as the case may be;

(iv) Such expenses incurred by members of the Senate for their spouses to travel six return trips in each period of twelve consecutive months by common carrier not in excess of the cost of air transportation economy fares (or first class in exceptional circumstances) which are supported by receipted vouchers, between their place of residence and Ottawa plus airporter service ground transportation expenses between the airline pick up point and airport, in Ottawa and in their place of residence; and

(v) The trips set out in paragraph (iii) and (iv) shall not be in addition to the trips for the member of the Senate provided for in paragraph (i) but each trip undertaken under paragraph (iii) and each trip undertaken under paragraph (iv) shall be considered a weekly return trip provided for the member of the Senate under paragraph (i).

The expenses set out herein are to replace those set out in paragraph (a) of the report of this committee adopted by the Senate on June 26, 1970.

These expenses shall take effect on the adoption of this report by the Senate.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Smith moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

• (1410)

APPROPRIATION BILL NO. 4, 1971

THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-273, for granting to Her Majesty certain sums of money

for the public service for the financial year ending the 31st March, 1972.

He said: Honourable senators, before this motion is voted on, I would like to attempt to answer two questions put to me yesterday by the honourable Senator Grosart. His first question was:

> Has any of the money covered by Supplementary Estimates (A) been spent or committed already?

It is very likely that departments have used some of the funds that were authorized earlier this year, to finance some of the $80 million in Federal Labour Incentive Projects. All these projects fall within existing program authority. Also, as the supplementary Estimates indicate, some of the grants have already been financed by allocations from the Treasury Board Contingencies Vote.

Senator Grosart's second question was:

> Should the public accounts, when available, not be submitted to the Standing Senate Committee on National Finance?

Of course, such a question of referral to a committee is a matter to be decided upon by the Senate and the committee itself, and I leave it to these proper authorities to answer that in a definite way.

Motion agreed to and bill read third time and passed.

TAX REFORM

CONSIDERATION OF FINAL REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM—DEBATE CONTINUED

The Senate resumed from yesterday consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation.

Hon. L. P. Beaubien: Honourable senators, I take it for granted that we will receive Bill C-259 around four o'clock Friday afternoon. By receiving this bill so late, the Senate is placed in a very difficult position. If we hurry it through, we look as though we are not giving it any thought; if we refer it to a committee and give it enough time for proper consideration, we will find that next week we will be down to a corporal's guard and we are bound to look ridiculous.

We should feel very upset about this situation, because a tremendous effort has already been made by the Senate in dealing with tax reform legislation, particularly by those senators who have faithfully followed this whole question in and out of the committee meetings over the last few years. I must say that if certain senators are not here next week, I could not blame them. Incidentally, there is no conflict of interest in my case; I am going to be here. I am not arguing because I want to be away, but I say that honourable senators should be able to make plans ahead. If they are going to be away from here at Christmas time it should not be held against them.

The tax reform bill is the most important piece of legislation to come before this house in a great many years, and yet a host of the most knowledgeable senators will be away when it is being dealt with, if we proceed next week. If you want to count heads, you will see that I am correct. I do not think it is right.

[Hon. Mr. Langlois.]

If it is true that the Leader of Government (Hon. Mr. Martin) represents the Government in the Senate, it is also true that he represents the Senate in the cabinet, and in my opinion the Leader of the Government in the Senate should have known a month ago that the Senate would not be in a position to deal with this important bill in a dignified and sensible way should it come to us in Christmas week. After all, the leader owes something to the Senate. He could have taken the trouble to say to his colleagues in the cabinet, "Now, look, you have had this bill since June. If the Senate does not get it by December 8 it will not deal with it until the beginning of the new year."

They have had this bill since June. It is simply not right for them to decide all of a sudden, in order to meet their own convenience because they want to go home, to send it to us on the Friday night before Christmas and expect us to take it and lump it. The Senate is its own master. If the Leader of the Government does not think of the welfare of the Senate, then I know he is going to have a lot of trouble here. I feel very strongly on the subject and I think that all of us should. Get a list of the senators who will be absent next week and then you will realize that we are going to have only a corporal's guard here.

Hon. Ernest C. Manning: Honourable senators, I should like to make a few observations with respect to the motion before us, particularly with regard to the implications which attach to it by reason of the circumstances just referred to by Senator Beaubien.

We are all aware that within the next few days we must render our decision with respect to two important matters. First, we must give our judgment on the new tax bill which, finally, will be submitted to us on Friday of this week; secondly, we must decide what our proper stand should be in the light of the untenable position in which we have been placed by the disregard for our responsibilities demonstrated by the Government and the House of Commons.

With respect to the bill itself I should like to make three observations. First, it is inaccurate and misleading to suggest that we can give a bill of this magnitude and importance the thorough examination it requires in the time remaining between now and January 1 of next year. Surely, a minimum of three weeks would be necessary for any really meaningful analysis to be made of its provisions.

I am well aware of the detailed and excellent work which has been done by the Standing Senate Committee on Banking, Trade and Commerce. Obviously, that committee is deserving of the highest commendation. It is not inaccurate to say that in that committee the tax bill has received more detailed and objective analysis than it has received in any other committee associated with Parliament. The fact the Government has seen fit to accept a substantial number of the amendments proposed by the Senate committee speaks well for the calibre of the work done. So I do not want to be unfair and leave the impression that the Senate is totally unfamiliar with the bill we are discussing. But I am speaking of the constitutional responsibility that rests not just with the committee but with the Senate as a whole. I submit that we cannot lightly slough off the responsibility that rests on each of us as a member of this house on the grounds that a committee of

the house has given detailed study to a bill of this nature. So, honourable senators, my first observation is that, notwithstanding the work done in the committee, it is utterly impossible for us to discharge our responsibility with respect to this bill by the end of the present year. If it is to be enacted into law, we should make it clear to the Canadian people that this important piece of legislation did not receive the meaningful endorsation of this assembly. It may receive what can only be called a ceremonial consent, but certainly it is not possible for it to receive the meaningful endorsation of this house, not because the bill is necessarily bad law, and not because we desire to prevent its passage, but simply because we have been denied the opportunity to give it the critical analysis and serious second thought which it is our right and responsibility to give.

• (1420)

My second observation with respect to the bill is that the principle of enacting into law legislation of this importance, while it is admittedly still far from satisfactory both from the standpoint of contents and draftsmanship, is fundamentally unsound. When closure was invoked in the House of Commons to force its passage there were still a significant number of important recommendations for its improvement which had not been considered. The same is true of a number of very desirable amendments recommended by the Banking, Trade and Commerce Committee of this house. The Government itself acknowledges that substantial amendments will be necessary, perhaps as early as the next session, but it still insists on forcing the bill into law prior to such amendments being made. Such actions violate the basic principle of sound and proper parliamentary procedure. This is something the Canadian people have a right to know about and to protest against. We have an obligation to protest on their behalf.

My third observation is that the experience this country has gained in the last number of years surely has proven that sweeping changes in the entire tax structure enacted at one time is not the best way to implement tax reform. I suppose we have to chalk this costly lesson up to experience. To be fair it must be said that when a general review of Canada's tax structure was first proposed, it was regarded as a sound idea. It was so regarded not only by Parliament but by most of the provinces. I know it was so regarded in my own province and by the government which I was privileged to lead provincially at that time. It seemed a logical thing to have a responsible commission make a thorough assessment of the whole complicated tax structure and produce a new model that would correct deficiencies and iron out inequities and which would represent a significant step forward in tax legislation on this continent. So we went through the whole process of the Carter Commission, the White Paper, the reports of parliamentary committees on the White Paper, and finally the long parliamentary process which brought us to where we are at the present time. During that long and rather painful process it has become clear that the disruptive impact of so many major changes in the tax system being made at one time is too great, especially at a time when the national economy is under many severe strains.

When it became evident that the consequences of pursuing this course were going to still further complicate the national economic and financial problems, it would have been wise to change course and develop a less disruptive alternative. My own conclusion in the light of what has been learned during this period is that the best way to bring about tax reform is step by step, resolving one problem at a time, rather than sweeping changes all made at one time which has resulted in the disruption and uncertainty prevailing in this country today.

May I add a brief comment on just one of the provisions of the bill itself. I refer to the proposed capital gains tax. This is an area where a contradictory situation exists within the Government's own policy position. The Government of Canada in the last few years has expressed strong nationalistic sentiments. These sentiments have been echoed in the mass media and by organizations and individuals across this country.

• (1430)

A great deal of concern has been expressed about the importance of Canadian ownership and Canadian control of our resources, industries, and commercial enterprises. This matter of Canadian ownership is closely related to the availability of adequate Canadian investment capital, because the way Canadians acquire ownership and control of industries is by investing enough of their own money in those industries to enable them to exercise effective control.

Income accruing from capital gains to a very large extent finds its way back into the investment field. This represents one of the big reservoirs of investment capital in this country. The steeply graduated personal income tax seriously restricts the amount of savings an individual can accumulate from ordinary earned income, so that is not a source from which there is a large volume of investment capital available. Up until now income which accrued from capital gains to a large extent found its way back into the investment field, which surely was accomplishing the very thing the Government and many of the people of Canada say is so essential today, namely, giving the individual citizen a greater financial equity in the industries and commercial ventures of this country.

Having said that, I want to be fair and acknowledge that there is a valid argument to be made for a capital gains tax. Consider the status of two citizens, one having, say, a $25,000 a year income from a salary and another acquiring $25,000 a year from capital gains through investment on the stock market. It is very hard to explain why the one man should be subject to a steeply graduated personal income tax, whereas the other is entirely exempt because his income was by way of capital gains.

While my own view is that it is premature in Canada to have a tax of this kind, and I think we are working against our national interests in imposing a capital gains tax this early in our national development, nevertheless, accepting the proposition that there is a widespread public acceptance of the concept of the capital gains tax, I submit that a far better formula would be a flat rate capital gains tax rather than putting 50 per cent of the capital gains into the category of personal income, where it then becomes subject to the steeply graduated personal income tax. The graduated personal income tax on any significant amount

of income takes such a large bite that there is little left for investment in Canadian business. If we really want Canadian citizens to invest in, own and control Canadian businesses, a graduated capital gains tax—which is what this amounts to by virtue of being put into the personal income tax bracket—is perhaps the worst formula that we could adopt.

May I turn for a few moments to the matter of the second decision facing this house, that we must make with respect to the position in which the Senate is placed by the disregard for our constitutional responsibilities by the Government and the other place. The facts as I assess them are these. The Government, prior to the introduction of the new tax bill before the summer recess, announced that the bill would become law before January 1, 1972. Notwithstanding this decision, the Government, in developing its timetable for the passage of the bill, ignored the obvious fact that the Senate should be accorded a minimum of three or four weeks to give the bill meaningful consideration and recommend to the other place such amendments as it deemed necessary. Further time would, of course, then be required by the other place to deal with such amendments.

The appropriate procedure surely would have been for the Government to accept as the first premise for its timetable that the bill would need to reach the Senate not later than December 1 if it was to become law by January 1. They could then have worked back from the December 1 deadline in alloting time for debate and for committee study in the other place.

I know it is argued that adherence to such a timetable is not within the Government's power to control. But, honourable senators, the Government in its judgment exercised closure to terminate the debate in the other place at the time they deemed appropriate. Surely there would have been no significant difference if the whole procedure had been pushed forward three weeks and closure had been invoked three weeks earlier. They would have had the same length of time for debate, but the responsibilities and the constitutional rights of this chamber would have been respected and the bill would have come to us in time for us to give it some meaningful consideration.

I do not want to give the impression that in my view the Government was wholly to blame for the long delay in dealing with this legislation in the other place. It is fair to say that much time was taken up by members of the Opposition in endless repetition, which did not contribute to any meaningful assessment of the merits of the legislation nor did it influence the final decision that was made. In logical argument you state your premise and then build your argument but you do not add anything by a whole succession of people repeating the same thing over and over again. I agree with those who say that that type of conduct is making a mockery out of Parliament in the eyes of a great many people. Many of the repetitious and procedural wranglings in the other place could only be regarded as being politically motivated.

But, honourable senators, in the last analysis the majority rules. That is the basis on which our parliamentary system is built. The Government holds the majority, so it must assume the responsibility that goes with it. The fact remains that no apparent consideration was given to the Senate's role and responsibility under the Constitution, and we are now asked to deal in a few days with a complicated bill, and certainly one of the most important bills to be enacted in recent parliamentary history.

• (1440)

The only possible conclusion is that the Government and the House of Commons did not attach any real importance to the Senate's constitutional role in the parliamentary process of enacting into law this important legislation. Such a position is an affront to the constitutional rights of this house and to the responsibility which rests on each and every one of its members. It is tantamount to an affirmation that the Senate is regarded as only a ceremonial rubber stamp for the legislation passed by members of the other place.

I for one am not prepared to accept that position. Either the Senate has a meaningful constitutional role in the enactment of legislation or it has not. I submit that the time has come to find out which is the fact. I am not suggesting for a moment that this house of appointed members should have the right to prevent the passage of legislation approved by the people's elected representatives. That is an important point for us, as senators, to keep in mind.

In a democratic society, those whom the citizens elect to represent them must have the undisputed right to enact such laws as they believe are in the interests of those who elect them to legislate on their behalf. But the appointed members of this chamber do have the constitutional right and responsibility to give such legislation the serious second thought that all important bills should receive before being enacted into law. If that right and responsibility is not going to be respected by the Government and the House of Commons, I submit they should move to abolish the Senate altogether.

Some Hon. Senators: Hear, hear.

Hon. Mr. Flynn: That is the answer.

Hon. Mr. Langlois: What are you applauding?

Hon. Mr. Flynn: Because he was replying to you.

Hon. Mr. Manning: They should stop playing games at the expense of the public. I repeat it is not the proper role of the Senate to thwart or set aside the decisions of the people's elected representatives. We must respect their prerogative in that regard. That is not my point at all. It is simply the fact that, by a procedure, we have been manoeuvered into a position where our constitutional right and responsibility has been rendered inoperative.

We are not intended to be a house of obstruction, but we do have a constitutional duty and responsibility to discharge. I submit that we must insist that we not be thwarted in carrying out that responsibility to the Canadian people. Under the present circumstances there are perhaps only two responsible things we can do. We can make clear that our assent to this legislation in this case is a mere ceremonial formality, given under protest against the flagrant disregard of our constitutional rights.

Secondly, I do feel we must take positive steps to restructure the rules of procedure relating to the passage of bills in this house to make it impossible in the future for a comparable situation to occur again.

It is not outside our province to determine rules for this house with respect to various categories of legislation which will provide a minimum time for meaningful study to enable honourable members of this house to give such legislation the serious second thought which it is their responsibility to give.

The other house should then be officially advised of our new rules of procedure relating to important bills in their passage through this house, so that the other place will know the minimum time requirements of each category of legislation to be dealt with by the honourable members of the Senate.

Hon. Sidney L. Buckwold: Honourable senators, as a neophyte in this chamber I must say that I am a little startled by some of the points that I have heard put forward from the benches opposite this afternoon, and at one or two of the other sittings.

I did not accept the summons to the Senate in order to become a rubber stamp. I am sure all honourable senators feel as I do. I agree wholeheartedly with Senator O'Leary, who very vehemently indicated our responsibility as senators. However, I am here as a senator who is also prepared to work in the interests of the people of Canada. I am here to give my time and energy to the consideration, amending, and passage of legislation in the interests of the country.

We shall have before us on Friday Bill C-259. We have heard Senator Manning indicate that there are two responsible actions that we may take. The first is to pass the bill, and tell the public that we have not had time to look at it and that we have been ignored completely by the other place. The second is to change our rules.

I suggest there is a third responsible action we can take. We have a responsibility to the people of Canada to pass legislation which has already been discussed at length in the House of Commons. I refer to statements appearing in *Hansard* of the other place to the effect that this bill has been discussed in principle and amended to the extent possible in the circumstances. Therefore, the third action which I suggest we can take is that of rolling up our sleeves and starting to work. I am not one of those who believe we have not the time, although I agree with Senator O'Leary that if, by any chance, there is not sufficient time the debate can be adjourned to the new year. I point out that we have ten working days, allowing for some time off for Christmas.

Hon. Mr. Flynn: Are you serious?

Hon. Mr. Buckwold: We do have time. It is possible for us to change the rules so that we can start at 9 or 10 o'clock in the morning, and continue in the afternoon and evening. That is the kind of thing that those who are prepared to be responsible members of this chamber would do.

Hon. Mr. Flynn: Joker.

Hon. Mr. Buckwold: Let us look at the bill; let us discuss it, and give it, the time and consideration which, as Senator Manning has said, is absolutely essential. If we cannot do that in the time that is envisaged, that is fine. However, I suggest that we owe it to the nearly one million taxpayers of Canada who will be relieved of paying income tax.

Hon. Mr. Flynn: That is wrong; that is wrong.

Hon. Mr. Martin: Laissez le sénateur faire son discours.

Hon. Mr. Choquette: Honourable senators, I wish to ask the honourable senator a question. Is he aware that even if this bill is not passed until the 10th, 15th, or 30th of January, it could still be made retroactive to the 1st of January?

Hon. Mr. Buckwold: Yes.

Hon. Mr. Martin: Only with regard to certain taxes.

• (1450)

Hon. Mr. Buckwold: I am well aware of that, but in that event a bureaucratic, administrative nightmare will be created that I suggest would cause the dismay of millions of taxpayers, and disrupt the policy programs of many large companies.

Hon. Mr. Flynn: The same thing happened three years ago.

Hon. Mr. Buckwold: I suggest that it is better to do it now.

Hon. Mr. Flynn: It happened three years ago.

Hon. Mr. Bourget: Please allow the honourable senator to speak. Do not keep interrupting him.

Hon. Mr. Flynn: If he wishes to give us lessons, he should know what he is talking about.

Hon. Mr. Buckwold: I suggest that I do know what I am talking about.

The Hon. the Speaker: Order, please. I remind honourable senators that when one honourable senator has the floor any other honourable senator may rise in his place on a question of privilege, or on a point of order, or to put a question which, of course, the honourable senator who has the floor may decline to answer, or he may answer at the end of his remarks.

I realize all honourable senators like to have a lively debate, especially when such an important matter as the tax reform legislation is the subject, but I also suggest that if we proceed strictly under the Rules it will be easier for the Chair to make for a more satisfactory debate all round, especially for the honourable Senator Buckwold who has the floor.

Hon. Mr. Buckwold: I wish to make it quite clear that I am well aware that it will not be the end of the world if the final decision on this legislation is delayed until after the new year. I do suggest that it would be very difficult for a great many people. I also want to make it quite clear in what I am saying that we must not abrogate the rights of this Senate to a careful perusal and study of this bill.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Buckwold: We must not do that. If it takes us longer than the period of time we have left to us, well and good. Let us go past the end of the calendar year. I agree with that. But I also suggest that, if we really want to roll up our sleeves, this work can be done in the interests of the people of Canada. That is the responsibility I feel I and every member of the Senate have, but perhaps I feel that way because I am a new member.

Nevertheless, I hope that when the rules are made for this particular debate we will adjust our sittings to the

point which will enable us to spend many hours each day working hard in the interests of the people of Canada.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Flynn: That is an indication of complete naïvety.

Hon. Eric Cook: Honourable senators, notwithstanding the excellent speeches made by those who urge that we do not deal with Bill C-259 before the end of the year, and despite Senator Flynn's motion of which he has given notice, I have come to the conclusion that upon balance no useful purpose will be served by the Senate's not dealing with this bill now or by adjourning until January 10.

In my opinion it was never a practical proposition that the Senate would reject in toto any bill which had the purpose of reforming our income tax system and which was passed by the other place. On the other hand, it is, of course, a very practical and responsible proposition that the Senate might well make amendments to such a bill.

The only real question now confronting us is whether the present turn of events has deprived us of the opportunity of making what we consider to be worthwhile amendments. It is a good thing to make the law certain so far as it is possible. The Government feels this so strongly that it has now moved closure in order to have the bill passed before January 1, 1972. If, therefore, the bill is to become law by January 1, we will, indeed, have lost our opportunity to make any amendments now. But I suggest to you that the opportunity is only lost at this time.

When the minister appeared before our Standing Senate Committee on Banking, Trade and Commerce on December 13, he spoke in part as follows:

> Now I would like to indicate the appreciation of the Government and, indeed, of myself for the work done from the beginning by this Senate committee on the tax legislation. Relating the reports produced by the committee with respect to the White Paper on Taxation to the budget of June 18, if I recall correctly, some 44 recommendations of the Senate committee were adopted in Bill C-259. Since debate on the bill commenced in the House of Commons this fall, the Senate has been considering the subject matter and has so far made two reports. We have studied these very carefully, and have made certain amendments in the House of Commons. I think of such amendments as those with respect to credit unions and co-operatives, as well as a great many other technical amendments, as being in conformity with the suggestions of this committee. I would like to repeat that your recommendations have been very helpful and will be the subject of our continuing study. An amending bill will be introduced next spring as, indeed, there always is an amending bill to a taxation statute. There has been one every year since 1918, when income tax was first imposed in Canada.

It is clear, therefore, that the Senate will have the required opportunity in due course to make any amendments it thinks wise and necessary. It is also clear that the Government has given careful and serious consideration to the Senate's report on the White Paper and is also giving consideration to the Senate's reports on Bill C-259. Therefore, there is every reason to believe that any future amendments will also receive the same consideration.

Now, surely, the purpose of putting forth amendments is to have them adopted or accepted. If the Senate insists on debating this bill now and upon making amendments, there is very little hope of those amendments being accepted at this time. However, in the new session, when the amending bill is before us, we will have the advantage of the definitive text of the law and the issues before Parliament will be narrowed down to a marked degree. This will be of great assistance both to the Standing Senate Committee on Banking, Trade and Commerce and to those who will appear before the committee. At that time the Senate will be in a much better position to persuade the Government to accept the amendments the Senate wishes to have adopted than it would be in by insisting on these amendments now.

Hon. Mr. Martin: Hear, hear. That was an excellent statement.

Hon. Mr. Choquette: You might just convince us, you know. Are there any more senators who have something further to say along those lines?

On motion of Hon. Mr. Martin, debate adjourned.

• (1500)

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

December 15, 1971.

Sir,

I have the honour to inform you that the Honourable Wishart F. Spence, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 15th of December, 1971, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, acting as Deputy

of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting Central-Del Rio Oils Limited.

An Act respecting the Royal Victoria Hospital.

An Act to provide for the obtaining of information respecting weather modification activities.

The Honourable Lucien Lamoureux, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE SENATE

NEWSPAPER ARTICLE—QUESTION OF PRIVILEGE

Hon. Paul Martin: Honourable senators, I rise on a question of privilege.

Hon. Mr. Choquette: I should think so.

Hon. Mr. Martin: My question of privilege is in regard to the headline and story which appears in this morning's Montreal *Gazette*. The headline and first two paragraphs of Arthur Blakely's column at the top of page one read as follows:

> Government suggests snap general election.
>
> Senators told: Pass tax bill or you may lose jobs
>
> Worried senators have been cautioned that the very survival of the Senate might well be at stake should they delay the Government's massive tax reform bill.
>
> The Senate has also been warned that the Government may call a snap general election on a constitutional issue if the Senate should make a single amendment to the bill.

I must deny the allegation contained in these paragraphs that I or my colleagues in any way or at any time indicated to my fellow senators that they must either pass this bill or face dire consequences of assorted kinds, including a snap general election on constitutional grounds and the loss of senators' jobs.

I have always held and I maintain the same view that every senator is free to take whatever position he considers appropriate in relation to any matter before this house as he is in relation to all pieces of government legislation including the tax bill. There has been absolutely no question of any form of duress or undue pressure having been applied, directly or indirectly. I am sure that each senator will freely examine and vote on the various issues as they may arise, without fear of reprisal or expectation of reward. This is a senator's right and duty and I very much regret that any imputation to the contrary has appeared in the headlines and columns of the Montreal *Gazette*.

Fortunately, at 7.45 yesterday morning, December 15, I took advantage of an interview with the Canadian Broadcasting Corporation, the national network, and I quote from the reply of the transcript that was made this morning from the tape which was loaned to me by the Canadian Broadcasting Corporation. The relevant questions and the answers which I made were as follows:

> Q. With the guillotine rule to limit debate being once again invoked by Liberal House Leader Allan MacEachen, passage of the Benson tax bill through the House of Commons by Friday is virtually assured. Now the bill will go before the Senate in the expectation that it will pass through the Upper House by Finance Minister Benson's target date of January 1, 1972. This would probably leave the Senators only a day or two for debate on the 332 clause bill if they wish to take any Christmas holidays. And with us on the telephone this morning is Senator Paul Martin, Government House Leader in the Senate. Good morning Senator Martin.

And I answered good-naturedly as I always do, "Good morning".

Some Hon. Senators: Hear, hear.

Hon. Mr. Martin: Then the question:

> Q. Do you think that the passing of the bill to the Senate with such a short amount of debate downgrades the Upper House, sir?
>
> A. Well, I don't agree with the statement you made before you put your question. You said that the Senate would have a day and a half debate, but that is not accurate. The Senate could have 5-1/2 days at least before Christmas and if it did not finish its work, it could have another six days after Christmas. To this must be added, of course, the fact that the Senate has been engaged through the Banking and Commerce Committee in a study of this bill for over a period of 3-1/2 months. Not only has the Banking and Commerce Committee made a parallel study of this bill while the House of Commons was dealing with it in Committee of the Whole but the Senate, in addition, had representations made to it, witnesses came before that committee; so that the Senate has had a very full discussion of the principle of the bill, and if the Senate wishes to take more time than the time . . .

• (1410)

Hon. Mr. Flynn: I rise on a point of order. The honourable Leader of the Government is completely outside the point of order he has made. If he wishes to engage in a debate, I do not mind.

Hon. Mr. Langlois: It is a question of privilege.

Hon. Mr. Flynn: It is a question of privilege, but it concerns the article in the *Gazette*, not what was said over the radio. He is arguing his case with what he said on the radio.

Hon. Mr. Martin: An accusation was made in the *Gazette*.

Hon. Mr. Flynn: But that is certainly not what was said on the radio.

The Hon. the Speaker: A point of order has been raised by the Leader of the Opposition and, if the Government Leader has certain views to express on this point of order before I rule on it, I shall hear him.

Hon. Mr. Martin: Mr. Chairman, I am dealing with a question of privilege and the rule is that the person who raises the question of privilege makes his case. After that it is up to the Speaker to decide whether or not a *prima facie* case has been made. Until that ruling is given the question of privilege is not debatable. I am now in the

process of stating my response to the allegation contained in the Montreal *Gazette*.

The Hon. the Speaker: After listening to the point of order raised by the Leader of the Opposition and the explanation given by the Leader of the Government, I must rule that the Leader of the Government may proceed to deal with the newspaper article in question, and give his reasons why this article might affect the privileges of the whole Senate.

Hon. Mr. Martin: To continue reading where I was interrupted:

> —so that the Senate has had a very full discussion of the principle of the bill, and if the Senate wishes to take more time than the time—

This is in answer to the *Gazette*.

> —envisaged by the Government, it is up to the Senate to decide that.
>
> Q. Senator Flynn, the Opposition Leader in the Senate, feels that either the Senate should whip it through all the required readings in a day or so or it should give the bill a real going over. Don't you think so?
>
> A. I think it should get a good thorough examination. I do not think that most senators want to pass the bill in a day. That is not our view, and it is certainly not my view. It isn't the Government's view. And the Senate will give this matter substantial consideration and it will have that opportunity if it wishes to exercise it.
>
> Q. The other day, Mr. Benson made a special appearance before the Senate Banking and Commerce Committee. Was that scheduled when it became apparent that the bill might be in for a bit of a rough ride in the Upper House?
>
> A. I don't think so. In any event, that was an arrangement by the committee itself through the chairman, and they pointed out that they had made certain recommendations. The Minister of Finance acknowledged the contribution of the work of the Senate and he said that some of the recommendations were acceptable, others he would have to examine. It was his intention to bring in an amending bill, possibly in March, and if at that time the Government acceded to those recommendations, they would be embodied in such an amending bill.
>
> Q. Do you think this will be given quick assent in the Senate?
>
> A. This is a matter for the senators to decide themselves in the light of the study that they have made over many months; in the light of the desirability of putting into effect relief from taxation as provided for in this bill and any other consideration that they have in mind, but the matter lies with the Senate. There is no guillotine in the Senate, there is no closure in the Senate.

The final question was:

> Q. Do you anticipate any filibustering on the part of the Conservative members of the Senate sir?
>
> A. Well, I don't belong to the Opposition—

Hon. Mr. Flynn: Thank God.

Hon. Mr. Martin:

> —and all I can glean is what I read in the papers and what occasionally I learn in the Senate but I would think that most senators will act very responsibly in this matter. That is my hope.

That was done on the very day before this story appeared in the *Gazette*. The Minister of Finance went before the Standing Senate Committee on Banking, Trade and Commerce on Monday, and here is what he said on the point of my question of privilege. He was asked the following question by Senator Flynn:

> SENATOR FLYNN: Then you suggest that if we were to make some amendments along the lines of our two reports, that you would not be prepared at this time to accept them or to recommend them to the other place, if we return the bill with these amendments?
>
> HON. MR. BENSON: Well, you know it is not within my jurisdiction to control what the Senate does, and I am not saying to the Senate what they should do in any way.

This is to be found on page 33 of the Proceedings of the Standing Senate Committee on Banking, Trade and Commerce for Monday, December 13. Then the following exchange took place between Senator Flynn and Mr. Benson:

> SENATOR FLYNN: You are not suggesting that you would refuse amendments?
>
> HON. MR. BENSON: I am not suggesting anything. I am not here to tell the Senate what to do. I am simply here to answer questions.
>
> SENATOR FLYNN: There was some misunderstanding—
>
> HON. MR. BENSON: You are master in your own house.

That is my answer to this wholly irresponsible article in this morning's issue of the Montreal *Gazette*.

Hon. Mr. Flynn: Nothing relevant.

NEWSPAPER EDITORIAL—QUESTION OF PRIVILEGE

Hon. J. Harper Prowse: I rise on a question of privilege. The Montreal *Gazette* on December 16 published an editorial entitled the "Right of Senate", in which it refers to the Notice of Motion of the Honourable Leader of the Opposition in the Senate. It says:

> The Senators are being subjected to intense pressure from the Government in its efforts to put tax reform through by January 1. They'll have broad public support if they resist that pressure. Attempts will be made to publicly discredit them. There will be renewed talk of Senate reform. The Senators must brush these consequences aside. They have the constitutional right to give the tax reform legislation detailed study—

Hon. Mr. Flynn: Honourable senators, I rise on a point of order. Where is the question of privilege in what the honourable senator is saying? Every time a newspaper publishes an article about the Senate, if an honourable senator does not like what it says he attempts to rise on a question of privilege. We will be dealing with this matter

later today, and the honourable senator knows very well that he can make his point at that time. There is no *prima facie* point of privilege in what the honourable senator is saying, especially as it does not affect him. If it affected him personally there would be a question of privilege.

• (1420)

The Hon. the Speaker: I must confess that I have not yet heard enough of what the honourable Senator Prowse has to say to determine whether there is or is not a *prima facie* case as regards his question of privilege. I would like to hear more from him.

Hon. Mr. Flynn: You will.

Hon. Mr. Prowse: I do not intend to cover the ground already covered by the Leader of the Government. I am talking about another question of privilege. The Montreal *Gazette* is published by the Southam Press Limited. I should like now to refer to an editorial of Wednesday, December 15, 1971, which appeared in the *Sun*, a Vancouver newspaper. I might add that the *Sun* is published by a combination of the F. P. Publications Limited and Southam Press Limited who, between them, divide up Canada as far as newspapers are concerned. The editorial is headed: "Senators Invited to Commit Suicide".

Hon. Senators: Hear, hear.

Hon. Mr. Flynn: Will you accept the invitation?

Hon. Mr. Prowse: The editorial improperly quotes Mr. Benson. It states:

> In effect, he told the senators not to bother their venerable heads with the work they were appointed to discharge in the national interest. Just to leave everything to their juniors and betters; to rubber-stamp what was put before them and take off for home for Christmas.
>
> If the Senate does any such thing, it will affirm its own uselessness and confirm every argument for its abolition . . .

The facts as set out in both these editorials are incorrect. The decisions are remarkably the same. They say to me that as a senator if I do not do what they tell me I am a craven object, subject to abolition.

Hon. Mr. Grosart: And so you are.

Hon. Mr. Prowse: Well, from the honourable senator who believes as he does in the freedom of the press, and who knows as no one else knows, that the press is the fourth estate and not the first, which this house is, I am surprised. As a senator I do not intend to be intimidated—as I have not been by Mr. Benson, by the Leader of the Government, by the Leader of the Opposition or by anyone else.

Hon. Mr. Flynn: I have never tried to intimidate you.

Hon. Mr. Prowse: The Leader of the Opposition in the Senate has to please his own leader and he is doing his best.

Hon. Mr. Flynn: I know how your leader proceeds, but I never do that.

Hon. Mr. Prowse: Let me make it clear that the time has come to reconvene the Special Senate Committee on Mass Media. I am intrigued by the fact that in Ottawa, F.P. Publications Limited and Southam Press Limited maintain an even balance. Nowhere else in Canada do two newspapers manage to maintain an even circulation balance. In Winnipeg, the F.P. Publications Limited runs the Winnipeg *Free Press*, and Southam Press Limited runs the Winnipeg *Tribune*, and there is no economic reason why the *Tribune* is able to continue in business unless there is some type of arrangement between the two publishing companies.

Hon. Mr. Choquette: I hope His Honour has now heard enough to give a ruling on something that is so irrelevant.

Hon. Mr. Phillips: If Your Honour has not heard enough, we have.

The Hon. the Speaker: May I remind Senator Prowse that if he has a complaint with respect to a newspaper editorial he should state the matter succinctly. There must be a limit to the scope of a question of privilege. I cannot allow the honourable senator to go far afield, even though his statements might indirectly be linked with the question of privilege. If the honourable Senator Prowse has made his point with respect to the newspaper editorial in question, then I would ask him to refrain from making further statements.

Hon. Mr. Prowse: Honourable senators, in view of His Honour's ruling I will not point out to you that Southam has a big paper in Calgary, F.P. has a little one, and they publish together in Vancouver.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

Michel Fournier, Esquire
Guy Williams, Esquire

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following honourable senators were introduced; presented Her Majesty's writs of summons, which were read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk and were seated:

Hon. Guy Williams, of Richmond, British Columbia, introduced between Hon. Mr. Martin and Hon. Mr. Nichol.

Hon. Michel Fournier, of Pointe-Verte, New Brunswick, introduced between Hon. Mr. Martin and Hon. Mr. Michaud.

• (1430)

The Hon. the Speaker informed the Senate that each of the honourable senators named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the

Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

ADJOURNMENT

NOTICE OF MOTION

Hon. Leopold Langlois: Honourable senators, I give notice that tomorrow, Friday, December 17, 1971, I will move:

That when the Senate adjourns today it do stand adjourned until tomorrow, Saturday, December 18, 1971, at 11 o'clock in the forenoon.

PUBLIC BILLS

SUSPENSION OF RULES

Hon. Leopold Langlois: Honourable senators, I move:

That for the balance of the present Session, Rules 44, 45 and 78 be suspended in so far as they relate to public bills.

Hon. Mr. Flynn: Honourable senators, the last time this motion was put, it was stood.

Hon. Mr. Langlois: Well, notice was given.

Hon. Mr. Flynn: I am not objecting. I am not jumping as fast as your leader is.

Hon. Mr. Martin: It might help if you did.

Hon. Mr. Flynn: You think so? You wait until later this day.

Hon. Mr. Connolly (Ottawa West): Is jumping Jacques better than jumping Paul?

Hon. Mr. Flynn: The last time this motion was put, I objected to the fact that public bills cover bills which may be of private initiative. I also objected to the Rules being suspended for the remainder of the session when we do not know when the end of the session will come.

I understand that the main purpose of this motion is to be able to proceed with second reading of Bill C-259 on Friday when it reaches us. In my opinion this motion is too wide in its terms and could lead to abuses under certain circumstances, which I cannot foresee but which could occur. Rather than pass this motion, we on this side would be agreeable to making it an order of the house that we will proceed with second reading when Bill C-259 reaches us tomorrow.

Hon. Mr. Grosart: If we are here.

Hon. Mr. Flynn: Of course, if we are here! It would depend on whether my motion, which I am going to move later, does or does not carry.

Hon. Mr. Martin: Of course.

• (1440)

Hon. Mr. Langlois: Honourable senators, I feel I have an understanding of what the aim of the Leader of the Opposition is in objecting to my motion. It is because we use the term "public bills" instead of "government bills". The reason is that the rules make no mention of Government bills. I am ready to grant him that a public bill could just as easily be called a government bill and vice versa. I am ready to give the assurance that my only aim is as he has stated. I cannot go further at this stage.

Hon. Mr. Flynn: Why not make it an order? Why not move that when Bill C-259 reaches us tomorrow, and is read the first time, that we proceed with second reading without prior notice?

Hon. Mr. Langlois: But there is also the question of reports of committees.

Hon. Mr. Flynn: What do you mean by reports of committees?

Hon. Mr. Langlois: We might get a report from a committee and want to consider it.

Hon. Mr. Flynn: There would be no objection to that. You speak of public bills and you raise the problem of reports of committees, but that does not necessarily mean reports concerning public bills. I think it means first, second and third readings. While there might be some hesitation, I assure you that there would be no objection on our part to suspending the rule as far as all normal proceedings on Bill C-259 are concerned, with the exception, perhaps, of third reading and I am not too sure about that, but that is only a matter of one day.

Hon. Mr. Langlois: I am sorry I cannot agree to your suggestion, because there is a possibility that we might be getting other bills. That is why I do not want to limit this motion to cover one bill.

Hon. Mr. Flynn: You mean we might be getting other bills before Christmas?

Hon. Mr. Langlois: There is a possibility.

Hon. Mr. Flynn: Then I object most strongly.

Hon. Mr. Martin: Let us vote on it. Question.

The Hon. the Speaker: It is moved by honourable Senator Langlois, seconded by honourable Senator Fournier (De Lanaudière), that for the balance of the present session Rules 44, 45 and 78 be suspended in so far as they relate to public bills. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Hon. Mr. Martin: Carried.

The Hon. the Speaker: Since there appears to be some uncertainty, those in favour will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those against the motion will please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "yeas" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the honourable senators.

• (1450)

Motion of Hon. Mr. Langlois carried on the following division:

YEAS
Honourable Senators

Aird	Inman
Argue	Isnor
Basha	Kickham
Benidickson	Kinnear
Boucher	Lafond
Bourque	Laird
Buckwold	Lang
Burchill	Langlois
Cameron	Lawson
Carter	Lefrançois
Connolly	Martin
(*Ottawa West*)	McElman
Cook	McNamara
Davey	Michaud
Duggan	Molgat
Eudes	Nichol
Fergusson	Paterson
Forsey	Petten
Fournier	Prowse
(*Restigouche-Gloucester*)	Rowe
Fournier	Smith
(*De Lanaudiere*)	Sparrow
Gélinas	Stanbury
Goldenberg	Thompson
Hastings	van Roggen
Heath	Williams—49.

NAYS
Honourable Senators

Beaubien	Haig
Belisle	Macdonald
Blois	O'Leary
Choquette	Phillips
Flynn	Quart
Grosart	Welch—12.

The Hon. the Speaker: I declare the motion carried.

ADJOURNMENT

Hon. Jacques Flynn moved, pursuant to notice:

That when the Senate adjourns today it do stand adjourned until Monday, January 10, 1972, at two o'clock in the afternoon.

He said: Honourable senators, if the Leader of the Government is willing to support my motion I will refrain from speaking on it at this time.

Hon. Paul Martin: I can conceive of nothing more irresponsible than for this house to adjourn at the time suggested and for the length of time suggested when there is work for the Senate to do. That is my answer.

Hon. Senators: Hear, hear.

Hon. Mr. Flynn: I am not envious of the Leader of the Government's receiving this applause for his speech. We have had a proper dress rehearsal for it, and it was perfect. As usual, he has answered the question with a speech. He never answers yes or no.

[The Hon. the Speaker.]

Hon. Mr. Langlois: You asked for it.

Hon. Mr. Flynn: You have done the same thing. I will not draw a picture for you, because that would take too much time.

Hon. Mr. Langlois: Would you please go ahead and draw a picture.

Hon. Mr. Fournier (De Lanaudière): I rise on a point of order. I would like to know what we are talking about.

The Hon. the Speaker: I ask honourable senators to listen very carefully to the Leader of the Opposition.

Hon. Mr. Flynn: I can only praise Senator Fournier for endeavouring to follow the procedure here. He is not behaving as he usually behaves.

Honourable senators, the purpose of this motion is obvious. It is to enable the Senate to decide whether it will give Bill C-259 a thorough and complete examination, or whether it will merely rubber stamp it. I do not expect to bring any new arguments in support of, or against, my motion. I feel everything has been said on this subject over the last two weeks. We have heard the argument of the Leader of the Government on his point of order, and I may have more to say about that later. However, I intend for the record to attempt to classify the pros and cons and to point out the most important conclusions to be drawn from the adoption or rejection of this motion.

• (1500)

What are the objections to my motion? I shall not take into consideration the words used by the Leader of the Government when I jokingly asked him whether he would support this motion. He said that he had never heard anything so scandalous in his life.

Hon. Mr. Martin: Irresponsible.

Hon. Mr. Flynn: Irresponsible, yes.

Hon. Mr. Langlois: Or both.

Hon. Mr. Flynn: If he knows something about being responsible. I don't believe that is the kind of argument that I would use. I will attempt to be as objective as possible and not use such emotional adjectives.

Hon. Mr. Martin: I think you always are.

Hon. Mr. Flynn: No, I do not believe that. I sometimes become a bit—

Hon. Mr. Blois: Carried away.

Hon. Mr. Flynn: —carried away.

Hon. Mr. Martin: No, not too much. We all do.

Hon. Mr. Flynn: On this special occasion, however, I wish to speak to this motion as objectively as possible. I think it is an important question for the Senate, and I hope honourable senators realize that I have put this motion in good faith. I believe that it is in the interest of the Senate to consider the problem involved, namely, the manner in which we are eventually to deal with this important piece of legislation which affects all Canadians.

What are the objections against the adjournment of the Senate to January 10—that is, postponing consideration of Bill C-259 to January 10? Of course, I am not adamant about the date of January 10. Whether it is January 10 or January 3 is irrelevant. My proposal is that we should return in the new year after the Christmas season, and proceed with the bill at that time. We should not do it under the pressure of a deadline of December 31 and the obligations of the Christmas season, or suggestions, if you wish, that we do something other than endeavour to achieve the quality of work that we are obliged as senators to strive for with regard to this type of very difficult legislation.

I have not classified the arguments in their order of importance, but the one has been used more often than any other is that the bill should be passed before December 31, 1971, since it should become law on January 1, 1972. I have already referred to this and I wish simply to call as my expert witness Senator Hayden himself. I refer honourable senators to the *Debates of the Senate* of December 7, at page 1560. Senator Martin, in his usual manner, had attempted to put his arm around Senator Hayden—

Hon. Mr. Martin: Careful now.

Hon. Mr. Flynn: —to have him indicate that he was in agreement with him. Senator Martin received the reaction he should have expected. When Senator Hayden rose he said this:

> This measure is proposed to become effective on January 1. In my view, if on January 1 the bill had not been passed and the present session of Parliament was still continuing then, whenever the bill was passed during the continuance of that session, that date would still be the effective date.

I then interjected "Indeed". I had already said that, and I was happy to get the support of Senator Hayden. Senator Hayden continued as follows:

> I have not heard any suggestions to the contrary, and I think the pressure, the speed, and the selfishness displayed show an utter disregard for the Senate. I am completely dissatisfied because the House of Commons is steering its own course without any regard for us. In my view, honourable senators, we should steer our own course straight down the middle of the road.

Therefore, I suggest, honourable senators, that as far as the coming into force of this bill is concerned, the fact that we deal with it only in January and complete its examination and passage by the end of that month, or even the middle of February, will not in any way change its effectiveness.

The second argument, of course, is that failure to pass this legislation by December 31 will deprive some taxpayers of the benefits provided therein. This is what has been argued, and it is a very easy argument to make. Many thousands are supposed to benefit from the increased exemptions, and by this argument they are being called on to rise and protest against any long discussion of the bill. They are told they will be deprived by a delay in passage of the bill. Again, I say this is incorrect. Adjustments can and have been made.

The same situation occurred not too long ago. Honourable senators opposite remember very well when the Pearson Government's bill increasing taxation was defeated in the other place. The Government had to produce another bill providing for a lower increase in taxation, and adjustments were made at that time. The same procedure can be easily followed.

The only suggestion that may be valid, and which I understood from the remarks of Senator Buckwold yesterday, is that perhaps when we are, as we are now, using computers, that type of job cannot be done easily. If it cannot, let us use the old system, which worked pretty well. I suggest that the serious use of this argument is sheer demagoguery.

• (1510)

Hon. Mr. Martin: I do not wish to interrupt Senator Flynn, but would he like to address himself also to the effect of the failure to pass the bill on what are called transaction taxes?

Hon. Mr. Flynn: I do not mind speaking to that. I have already said that I wished to be objective, and I am willing to consider all questions, especially if they are serious and when they come from the Leader of the Government.

Many transactions could be affected by the new legislation. The honourable Leader of the Government knows that very well. The suggestion made by the Minister of Finance before the Standing Senate Committee on Banking, Trade and Commerce, and in the other place, that changes to the legislation may be introduced in an amending bill, possibly early in the spring, will create a good deal of uncertainty with regard to many transactions, including those that my honourable friend says may be affected by the delay.

One thing certain is that any businessman who knows anything about this legislation, and who knows that some provisions will not be amended because they are fair, or will be amended only to provide them with more benefit, will not be worried by the delay. The only benefit that can accrue to anybody who has a transaction in mind will be by amendment that can be made by the Senate. I say, with great deference and with all due respect to my honourable friend, that he has not raised an objection, but has given me another argument.

Hon. Senators: Hear, hear.

Hon. Mr. Flynn: The third argument against my motion, and one which might be said to be of a practical nature, is that we could deal with this bill by sitting every day if necessary until December 31. I thought that suggestion, put forward by the Leader of the Government, was made in a joking mood but apparently other members of the Senate took it seriously, since Senator Buckwold decided to adopt it. I was perhaps a little rough with our new colleague, and I wish to apologize to him at this time for my interjection. I indicated that he had not had sufficient experience of the legislative process to say that it is easy at this time of the year for honourable senators to roll up their sleeves and sit from 9 o'clock in the morning until 10 o'clock at night on a matter of this kind. It would be rather amusing to see that happen. It would be something that has never occurred before in the Senate.

Hon. Mr. Nichol: Then perhaps it should.

Hon. Mr. Flynn: I do not think that such a suggestion would be practical. I do not imagine the honourable senator works that way in his law office.

Hon. Mr. Nichol: I am not a lawyer.

Hon. Mr. Flynn: I thought that at one time he was. I apologize to the honourable senator for giving him that title, which he refuses to accept.

Hon. Mr. Nichol: I accept it.

Hon. Mr. Flynn: This is very complex legislation. At this point I shall call as a witness none other than Senator Manning who yesterday made an excellent speech in support of my motion. To my way of thinking the speech was well prepared and well thought out. I invite honourable senators who were not present in the chamber and who have not read the honourable senator's speech to do so, because it was very interesting.

Senator Manning said:

> —it is inaccurate and misleading to suggest that we can give a bill of this magnitude and importance the thorough examination it requires in the time remaining between now and January 1 of next year. Surely, a minimum of three weeks would be necessary for any really meaningful analysis to be made of its provisions.

The difficulties surrounding the making of travel arrangements at this time of year, and the presence of members of the other place waiting to go home for Christmas, are not conducive to a thorough study of the bill. We must have time to prepare, and we must be allowed to work under less strained conditions. To merely read and try to understand all the sections of this—

Hon. Mr. Choquette: —this 700-page volume.

Hon. Mr. Flynn: Yes—which has been called a monster, would take a very long time. If we are to do a good job, we must have time to prepare, have experts with us, and have a lengthy debate on the important points. I am not suggesting a lengthy debate is required on every section. I suggest that if the committee is to study the principles involved, and deal with the provisions and consider whether they are useful—I will deal later with this matter of usefulness in making amendments—it is impossible to do so adequately before December 31.

December 31 is not a deadline. There is no urgency. After all, so-called fiscal reform has been debated for years, and many people have not had time to express their views on the legislation. I shall refer to this aspect later. Many people still wish to appear before the Senate committee or make recommendations to the Government.

• (1520)

The argument that we can roll up our sleeves up and work like slaves until December 31 is not a valid one. We can definitely do that, but I do not see any sense in it because we will not achieve anything worth while.

The fourth argument that has been advanced against adjournment is that the Senate should give quick passage to this bill. I make no distinction as to whether the bill is passed in two hours, three days, four days, before Christmas, or before December 31. Quick passage in this instance means debate without amendment and without a thorough examination of the proposed legislation.

Hon. Mr. Martin: Has anyone suggested that that should be done?

Hon. Mr. Flynn: I am coming to that. You have suggested it yourself but, of course, you did so in terms that were not precise. You are never precise in what you say, but anyone can understand what you mean.

Hon. Mr. Martin: "Not necessarily conscription, but conscription if necessary."

Hon. Mr. Flynn: You have been one of the best since Mackenzie King argued about that.

Hon. Mr. Martin: Why bring him into it? He has nothing to do with this bill.

Hon. Mr. Choquette: You just finished quoting him. You were a good pupil of his.

Hon. Mr. Flynn: Do you mean he does not speak to you in your dreams?

Hon. Mr. Martin: The only one that speaks to me in my dreams these days is the Leader of the Opposition.

Hon. Mr. Flynn: Then you must have nightmares.

Hon. Mr. Martin: You are quite right.

Hon. Mr. Flynn: I should like to return to the argument I was trying to make on behalf of the proponents of the motion.

It has been argued that the Senate should give quick passage, or passage before December 31, to this bill because it has had an opportunity, in the work of the Standing Senate Committee on Banking, Trade and Commerce, on the White Paper, and on the bill itself during the last few months, to give adequate consideration to it. This argument was advanced by Senator Cook yesterday. It was also advanced by Senator Connolly (Ottawa West), and by Senator Martin himself in the quotations he read from the telephone interview he had this morning when he was awakened by a radio reporter.

I have already indicated why I cannot accept this suggestion. Senator Manning dealt with this argument yesterday and expressed practically the same view as I have expressed.

With respect to the committee's report on the White Paper, many recommendations of vital importance contained in it were rejected by the Government. I am not going to list all of them, but I refer, as did Senator Manning yesterday, to the way the capital gains tax provisions in Bill C-259 differ from what we recommended in our report on the White Paper.

Hon. Mr. Benidickson: There are other areas of difference also, including the provisions respecting farmers, charitable donations—

Hon. Mr. Flynn: Yes, there are many other items, but I mention this one because I believe it is the most important.

The three reports submitted by the Standing Senate Committee on Banking, Trade and Commerce simply dealt with the subject matter of Bill C-259. I have already expressed my view that the committee did a tremendous

job. I can repeat that view, if it pleases the Leader of the Government or those who support this argument. I never spared any compliment to the committee or to the chairman in this connection.

The three reports of the committee dealt only with the drafting and the technical aspects of the bill. It was clearly understood that the committee was not going to deal with any matters of policy, because it would have been improper for a committee of the Senate to deal with such matters concerning any legislation that had not come to us in the normal course of events. The purpose of the committee's investigation was to be prepared on the technical aspects in order that we could deal with this matter. The committee did not touch on matters of policy. The best example I can give of that is in the fact that we did not consider the matter of capital gains tax. We did not discuss it, and we made no recommendations in that regard. That is just one item. There were many other items which were dealt with in the report on the White Paper and which were put aside by the Government.

We are far from having exhausted our study of this bill merely by referring the subject matter thereof to committee. As has already been pointed out by Senator Manning, the committee is just that; the committee is not the Senate. Is the Leader of the Government suggesting that because 30 members of this committee have studied the bill, the remainder of the membership of this place need not worry about it, and they should take for granted everything that is contained in the report? I suggest that that is a wrong assumption. The report of the committee is not binding on the Senate. The three reports submitted by the committee were the subject of consideration. No one ever asked the Senate to adopt these three reports.

It is up to all of the senators who are not members of that committee, and members of the committee as well, to express their views if they are different from those contained in the report. The three reports were limited in their scope.

The Standing Senate Committee on Banking, Trade and Commerce did a good job, of course, but it was certainly not an exhaustive job. The committee took three months just to look at the technical aspects of the bill, so one can imagine what an examination of the whole bill would require, if we were to examine it thoroughly.

The three reports have been tabled. I do not know how many senators have read them. The committee, I believe, made ten or twelve major amendments, but it has also recommended, I suggest, close to 40 or 50 minor amendments, and, again, these relate only to the technical aspects of the bill.

Should we be satisfied simply because the minister has said that he might correct some of the matters raised by the committee? I certainly do not believe so. I feel we should go back to the committee and decide whether the amendments proposed in the report should or should not be adopted, notwithstanding the words of the minister. I was going to use the word "commitment" but to me it was not a commitment; it was only an affirmation to the effect that every year we have a bill to amend fiscal legislation or the Income Tax Act. Even at that, again we would be forgetting about very important matters in this legislation which the committee had no authority to deal with, or in any event did not deal with because it considered it had no authority to deal with matters of policy.

• (1530)

I come back to the question of an amending bill. Senator Cook has made an argument and said to just forget about it. Again I say that the minister has not committed himself. If we believe in the recommendations made by the Standing Senate Committee on Banking, Trade and Commerce, we should amend the bill accordingly. What we are suggesting is that when we have an opinion and the minister says, "Don't embarrass us in the other place with amendments; we are going to deal with them eventually," we become only a consultative body and not a legislative body. As someone has remarked, the prayers recited by the Speaker refer to, "The Senate herein in its legislative capacity assembled". If we are a legislative assembly, we should not hesitate to legislate, and when we express an opinion we should not be satisfied with a mere assurance that the Government or the Minister of Finance will eventually respond to our wish.

The seventh argument that has been made—perhaps not too strongly, but yesterday the reactions of the Leader of the Government and his deskmate, Senator Langlois, suggested that they supported it—was that the Senate had no power to amend financial legislation.

Hon. Mr. Martin: I have never said that.

Hon. Mr. Flynn: I did not say you had said it. I said that some of your reactions yesterday when Senator Manning was speaking suggested that we should never tamper with a money bill or with a financial bill. Anyway, I am glad to accept the correction that the Leader of the Government is making. It will reinforce my argument with respect to other members of the house, because he has such authority on the majority of us here.

Hon. Mr. Benidickson: Senator Hayden does not believe that either.

Hon. Mr. Flynn: No, that is right. I said a few words about this the other night. I have been furnished with the report of the Special Committee appointed by the Senate to determine The Rights Of The Senate In Matters Of Financial Legislation. This is not a recent report; it was made in 1918. The chairman was Senator W. B. Ross. I suggest that nothing has happened since then to alter the opinions that that committee had then. I will quote the pertinent paragraphs from it:

> That the Senate of Canada has and always had since it was created, the power to amend bills originating in the Commons appropriating any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without the consent of the Crown.

That is what I have said.

> That this power was given as an essential part of the Confederation contract.
>
> That the practice of the Imperial Houses of Parliament in respect of money bills is not part of the Constitution of the Dominion of Canada.
>
> That the Senate in the past has repeatedly amended so-called money bills, in some cases without protest from the Commons, while in other cases the bills were

allowed to pass, the Commons protesting or claiming that the Senate could not amend a money bill.

These are the main conclusions of the report, which is based especially on legal opinions obtained from the top constitutional lawyers then known, Messrs. Eugene Lafleur and Aimé Geoffrion. The report contains their reasoned opinion; so as far as this is concerned I do not think there is any doubt.

The Government Leader, when he rose earlier on a question of privilege, referred to the article in the *Gazette* this morning which suggested that some pressure would be put on members of the Senate to pass this bill quickly or else the Government might take the occasion to call an election and discuss the abolition of the Senate. The leader commented on that. That is all very well. Personally, I think it is rather amusing speculation, and can hardly be founded since the Government could scarcely blame the Senate, composed of a huge majority of its supporters, for taking for once a courageous attitude. There could be no doubt that the Senate would show courage under the circumstances, because no decision like the one I am suggesting to you can be taken without a large segment of the Government supporters here affirming the rights of the Senate to deal with this bill in the way it thinks it should, assuming fully its responsibilities. This article to which the leader has referred does not, therefore, impress me.

Incidentally, although this has nothing to do with the argument I am making at this time, I will tell the Leader of the Government that I believe he never puts any pressure on anybody, but I would suggest that instead he always uses his natural charm, which he even tries on us on this side of the house to persuade us not to be too rough with the Government, so I can imagine how he proceeds with the members sitting on his side. It is very amusing to see him running around in circumstances such as those we are going through, being all smiles and trying to convince everybody, saying, "It is a very, very difficult situation and I count on your support. I am quite sure that I can count on you."

Hon. Mr. Choquette: Make it unanimous.

Hon. Mr. Flynn: If someone insists, the leader will tell him, "Don't you feel that you are not too well? Hadn't you better go home and have a rest?"

Hon. Mr. Martin: You have given me some ideas.

Hon. Mr. Flynn: No, I am not giving you some ideas. I have borrowed some from you occasionally, but not with the same success.

Hon. Mr. Martin: Well, we get along all the same, even though you hurt me from time to time.

Hon. Mr. Flynn: The leader has repeatedly told me that I hurt him. I say that the man who can hurt the Leader of the Government is not yet born. His skin is too thick. I think these are the only arguments I have heard up to now opposing this motion. It has been mentioned that I am proposing this motion at the wrong time, that I should have waited until the bill reaches us, because my action might be misinterpreted, that the public might think the Senate does not want to work and wants to go. I am not too worried that the comments I make about the Senate will be misinterpreted and I will not check every editorial that is going to be written about the Senate, as does Senator Prowse, for instance.

• (1540)

The idea is very simple: we either deal with this bill at this time or we do not. That is why my motion is worded in this way. I suggest it is a useless exercise to start the examination of this bill, if the Senate is not in agreement with doing so. I am going to be here until I have had enough and I have to go. I have to leave on December 21, and I am not hiding the fact. In the meantime, I am going to be here. No one need worry about that. I suggest to you that by adopting this motion the Senate will indicate that it is willing to assume fully its responsibility. There is no doubt there is some pressure from the other house, but I do not mean pressure in the sense of undue pressure. We all work under pressure. The work of a legislative body is under pressure from the public or other segments of the population. We are all under pressure, but the Senate will show that it can resist the pressure that is certainly put by the Government at this time not to have the Government face another problem in the House of Commons should we make some amendments. This is the fear more or less expressed by Senator Cook—he did not express a fear but simply said that if we amend the bill the Commons will not accept the amendments anyway. That was his argument.

Honourable senators, if we believe in the amendments suggested by the Committee on Banking, Trade and Commerce, and if we believe other amendments should be made to this bill, then we should show, by carrying this motion, that we are not afraid and that we can stand up to any kind of pressure.

There will be another advantage in adjourning for two weeks. This legislation has been debated in the other place for quite some time, and we have been arguing about it here and already our tempers are getting a little heated. The two weeks' respite would be very useful to us and to the Government. We could really fulfil our role of giving sober second thought to Government legislation by dealing with this bill only in January. In the meantime, of course, the Government and the upper echelons of the Departments of Finance and National Revenue could give further consideration to some of the suggestions that have been made and which might be more amenable to amendment.

After all, the minister has agreed that this legislation is imperfect, that it needs amendment. I suggest it would be far better to correct as many of the obvious problems as possible before passing this bill. Some have even suggested it would be bad to delay the passage of the bill because it would create uncertainty. This was the gist of the suggestion made by the Leader of the Government at the beginning of my remarks. I suggest that there would be more uncertainty by leaving hanging up in the air perhaps another 50 amendments that the minister or someone else has suggested should be made, and may eventually be made next year during its first year of operation.

I am not suggesting that we will be able to make a perfect bill, but we should try to make it as perfect as possible. If we could go into committee in January we could hear views that have not yet been expressed in

Parliament, because in the other place the bill was considered by the Committee of the Whole, and in this place we dealt only with technical matters and not with matters of policy. Many such problems have been brought to my attention.

There may be more advantages, but the last I shall deal with is this. By dealing with this bill in January, the Senate would respond to the invitation of a very wide sector of the public, which has asked us to debate the many uncertainties that exist and to amend the bill.

Mention has been made of the attitude of some provincial premiers and others. I have received several telegrams and letters. One is from the President of the British Columbia Chamber of Commerce:

> Imperative reform be postponed to keep faith with the community.

Those are the last words of the telegram. I shall not read the rest, but what I have read serves my purpose.

A group of students at the University of Saskatchewan put their signature to this message:

> We, students at the University of Saskatchewan, support many of the aims of the income tax bill, removing the tax burden on the poor, an equitable capital gains tax, reduction in subsidies to oil and mining corporations. But we are not certain that the bill's specific provisions are the best to achieve those aims. Therefore we want the fullest discussion on all sections of the bill. In view of the Government's admission that the bill can be improved, we urge the Senate to hold fast to its prerogative to debate and amend the income tax bill.

Honourable senators, I suggest to you that these are the advantages of carrying the motion I have put before you. If a date is selected other than the one in my motion, January 6, at 10 o'clock in the forenoon, I do not mind—it is the principle that I am putting to the house.

Finally, I want to draw your attention to the consequences of a negative vote. It will be interpreted by the public, even if we take until December 31 to pass the bill, as a refusal to assume our responsibility. It will be concluded that we accepted the idea the Government would refuse any amendment made by the Senate and that therefore we considered it useless to assume our responsibility.

Personally, if this motion does not carry, I would prefer that the Senate be very frank, as was suggested by Senator Manning yesterday. If we are going to give ceremonial approval to this bill, let us not hide behind one, two, three or four days of apparent debate with no amendments, but let us pass it while at the same time declaring our inability or our incapacity to assume at this time our responsibilities because we are sure that whatever we do the present Government will not accept. Let us declare that we have not been able, through the Leader of the Government in the Senate, to convince the Government that the Senate's views should be accepted and, therefore, we have to be realistic and we ask the people to be realistic with us. So let the Government assume its responsibilities. If it does not want the Senate to work efficiently, we are not going to stay here just for the fun of it. We are going to go home, and the people of the country can express their judgment of that at the next election.

• (1550)

The Hon. The Speaker: Before I give the floor to any other honourable senator, do I understand that the Leader of the Opposition is now putting his motion?

Hon. Mr. Flynn: Yes. I will not ask to speak again on the matter, Mr. Speaker.

The Hon. the Speaker: It is moved by the honourable Senator Flynn, seconded by the honourable Senator Choquette, that when the Senate adjourns today it do stand adjourned until Monday, January 10, 1972, at two o'clock in the afternoon.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Senator Lang has the floor.

Hon. Daniel A. Lang: Honourable senators, I hardly need point out to you that, although Senator Flynn's motion is procedural in nature, it is of fundamental importance. He has dealt with the subject and the ramifications of this motion at great length, and I am only going to touch on some other aspects of it very briefly and from a slightly different point of view.

A week ago, like many of the senators in this chamber, I was very optimistic about the possibility of our performing our legislative function in connection with the tax reform bill. I thought we could perform it adequately and within the time limit necessary to meet the Government's intention that it should be passed before December 31 to come into effect on January 1, 1972. There were several reasons for my optimism. The first had to do with the successful work of the Standing Senate Committee on Banking, Trade and Commerce which had considered this bill since last September under the able chairmanship of Senator Hayden. As everyone knows, that committee submitted three reports of a very exhaustive nature, although dealing only with technical matters contained in the bill. Because that work was behind us and, secondly, because we were led to believe that the minister would appear before the committee on Monday of this week—that is, December 13 last—and on that occasion we would receive adequate undertakings which would satisfy our requirements, I felt that there was no reason why we could not thereafter proceed with the bill expeditiously once it arrived in this chamber. I thought we would be able to debate it thoroughly on questions of principle and in accordance with tradition in respect of second reading.

Today, honourable senators, I feel quite differently about the matter, and I should like now to explain why I feel differently.

First, let me say that I had some misgivings as to the propriety of relying upon undertakings given by a cabinet minister as a substitute for performing our legislative function but, notwithstanding those misgivings, I felt that acceptance of those undertakings would be one way by which we might be able to meet a very serious and rather nasty problem.

The Minister of Finance did appear at last Monday's meeting of the Standing Senate Committee on Banking, Trade and Commerce. He gave generously of his time to the committee. Whether the committee obtained satisfactory commitments depends, I suppose, to some extent upon the interpretation given to that hearing by each individual member. But when I came away from that meeting, I felt that in fact I had received no assurance that would enable me to say, "We can now by-pass the normal legislative function of this chamber."

In fairness to the minister and to the committee I have tried to excerpt the exact answer to the exact problems raised by the committee as they appear in the proceedings of the Standing Senate Committee on Banking, Trade and Commerce for Monday, December 13, 1971.

With regard to the employees' profit-sharing plans and the recommendations the committee had made therein, the minister said:

> —there is an amendment which we think should be made—

Thereafter he elaborated on the nature of that amendment and it was, indeed, basically in conformity with the committee's recommendations.

With regard to the question raised by our committee on deferred profit-sharing plans, the minister said:

> I made a promise to do this a while ago—

Evidently it had not been incorporated in the legislation as he had expected it would be.

With regard to passive income and the treatment of foreign income of corporations, the minister said:

> We are looking at the passive income section . . . This also applies to the *de minimis* rule with regard to passive income.

With regard to people coming to Canada to work for a few years and then, upon departure, being deemed to have realized capital gains, the minister said:

> We are having a look at this to see if something can be done about it.

With regard to the pulp and paper industry and the recommendations made by the Standing Senate Committee on Banking, Trade and Commerce, the minister said:

> —we met with the pulp and paper industry . . . and are taking a look at the taxation position vis-à-vis other countries.

That is, the taxation position of these companies. With regard to the suggestion made by our committee that earned depletion be provided for the pulp and paper industry, the minister said:

> I would not commit myself to this.

With regard to the committee's proposal that the logging tax credit should not be limited only to the provinces and people subject to what is specifically called the logging tax, the minister replied:

> We have looked at your recommendations, and I assure you they will be given full consideration as we continue studying this problem.

With regard to the tax-exempt non-resident investors, the minister said:

[Hon. Mr. Lang.]

> What we have considered doing is . . . looking at hardship cases—

With regard to the possibility of permitting consolidated returns, the minister said:

> We are presently looking at this. I cannot promise we are going to have it solved in a few months or anything, but we are looking at the problem.

• (1600)

With regard to non-resident owned investment corporations the minister said, "That is taken care of in one of our amendments." That would be one of the recent amendments in the house.

With respect to private and general insurance corporations, the minister said, "In our opinion the bill as drafted poses no problem to the private general insurance corporation."

With regard to the family farm and the rollover concept within a family as proposed by our committee, the minister said:

> The roll-over concept within a family is a very difficult thing to follow through as you might well know. We decided on the six-year period . . . it is my intention to put it in the amended bill in the spring.

With regard to the concept of the basic herd the minister said, ". . . that is the position the Government is taking." That is the position it takes in the tax reform bill itself.

With regard to rollovers on reorganization the minister said:

> I have instructed my department to carefully review the proposals under Bill C-259 to see if they could be extended without undue prejudice to the system . . .

With regard to the mining and petroleum industry and the loss of the 25 per cent automatic depletion, the minister said:

> I can only say that this is under consideration. I would like to defer comment until we decide where our studies are in this regard.

With regard to the construction industry and joint ventures of two or more companies, Mr. Benson said, "I am told that we will consider this further."

Finally, honourable senators, with regard to the suggestion that another amending bill would be forthcoming shortly, the question was asked of the minister:

> Can we expect a special bill for the purpose of these amendments?

The minister replied:

> There will be a bill to amend the Income Tax Act and it will take into consideration the propositions brought forward by the Standing Senate Committee on Banking, Trade and Commerce and, indeed, by a great many other people as well, and also other matter that we want to build into it, but I am certainly in no position to give an undertaking that we would have this bill introduced in February or at the end of January, or whenever.

To the question: "Will you take into consideration the recommendations of the Senate, Mr. Minister?", the minis-

ter replied, "Yes, but I do not say that I will agree with them."

Honourable senators, I think those quotations—I have chosen them carefully, and I assure you that they are as accurate and as much within context as I can make them—show, as I think you will agree, that in fact last Monday the Minister of Finance gave absolutely no commitments whatever to our committee other than an assurance that our recommendations would be carefully and sympathetically considered.

So, honourable senators, within this context I felt the grounds upon which I had based my previous optimism had been very badly shattered.

The second ground that I was being confident about was that we could adequately debate the principle of this legislation between now and the end of the year. I am now satisfied that in fact we cannot do that. I say that in all honesty. In the week before Christmas not only will no one in the country be listening to us, and for obvious reasons, but there will be very few people in this chamber to listen to.

A further aspect which I consider to be most serious is that there will be absent from this chamber some of those honourable members whose presence I consider to be absolutely essential to an intelligent discussion of this complex piece of legislation.

In fact, honourable senators, I have to confess that I am afraid we would be performing a charade. In effect, to be practical all we could do would be to debate the bill simply for the purpose of debate, and pass it without amendment. We have done that before in our history, but we have never done it with respect to a bill of the magnitude and complexity of this one, which is in fact the most complex piece of legislation that has ever been presented to the Canadian Parliament. It will affect, as you know, everyone in this country as no other piece of legislation has, except legislation affecting our civil rights. Therefore, everyone is deeply concerned about how effectively we function in its review.

In 1949 when the Income Tax Act was previously amended, the bill was extensively debated in both houses of Parliament and then deferred by the government of the day for one year. I assure you, honourable senators, that the 1949 income tax bill was very simple compared to the present tax reform legislation.

I think we all have to weigh the Government's desire to have this bill passed before the end of the year against other considerations. I myself have not been satisfied as to the necessity for the passage of this legislation within that time limit, and I am satisfied that it could be dealt with during next year and passed with its effectiveness retroactive to January 1. I am not satisfied with the reasons given by the Minister of Finance in the other place or before our committee as to the necessity for this haste. I refer honourable senators again to the proceedings of the committee where the minister in answer to this same query from the committee replied, "It is advantageous, as I outlined in the house, to have the bill through by the end of this year in order that we may have certainty."

My colleague on the opposite side of the house has commented on the validity of that argument of certainty, and I would say there is probably no uncertainty greater than this tax reform bill with some of its incomprehensible sections passing into law and subject obviously to continuous and heavy amendment throughout the next few years.

Against the expressed desire of the Government to achieve this end I have to weigh the fact that there are five provinces in this country which are desperately anxious to have this bill postponed. These five provinces represent 75 per cent of the population of this country, and they represent three political parties of different stripes. Two of those five provinces, Ontario and Quebec, are the most deeply and seriously affected by the timing of this legislation. Ontario is unable to gear its tax collection machinery and its legislation to mesh with this tax reform bill. It has pleaded desperately that its implementation be deferred for one year in order to enable it to do so.

• (1610)

I do not think I need to remind honourable senators that we are appointed to represent provinces. We do not sit in this chamber representing the other place or the Government. I represent the Province of Ontario. I know how the people and Government of Ontario feel with respect to this legislation. I know that I must give my full attention and scrutiny to it to the best of my limited ability, and I know I cannot do that in the context of the present time table which is being imposed upon us.

Accordingly, honourable senators, I shall support Senator Flynn's motion and, believe me, I do not do this lightly.

In conclusion, I might add one point. If this motion does not carry and we are forced to proceed as I envisage, I hope that when we receive this bill tomorrow we will give it three readings tomorrow night, and pass it.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Lang: At least that will be intellectually honest.

Hon. H. Carl Goldenberg: Honourable senators, I rise for the purpose of making only a few remarks. I do not propose to express any opinion on the merits or demerits of the tax legislation. I am concerned by the motion presented by the honourable Leader of the Opposition in this house. I am very much afraid that if the Senate adjourns today, that is, December 16 until January 10, a period of more than three and a half weeks, we will be inviting the condemnation of the people of Canada. I feel that it will be said that the Senate, in disregard of its responsibilities, has decided to take a vacation of three weeks. This in face of the fact that the other place is still in session, and the legislation with which we are concerned is just about to be enacted.

I do not think that we can make it appear that we are walking out on our responsibilities in this way. Let us remember that the same people who now charge us with being rubber stamps will then accuse us of being irresponsible. In the same way, let us remember that those who have been complaining most about the uncertainty and the damage to business caused by the delay in the enactment of tax reforms are now asking this house to assume responsibility for further delay. These contradictions should be apparent to all.

Reference was made earlier to the editorial in the Vancouver *Sun* of Wednesday, December 15, which I have before me. It criticizes the Government's policy in introducing closure. I certainly do not condemn the Vancouver *Sun* for doing that. The editorial then goes on, however, to say:

> The government has also ordered its majority of Liberal senators to whip the measure through the Upper House in time to go into effect on January 1.

And further on in the editorial it is stated:

> If the Senate does any such thing, it will affirm its own uselessness—

And so on.

A further paragraph of the editorial reads:

> It will know, too, that the government deliberately exposed it as such. The government's decision to invoke closure in the Commons was so timed that the Senate couldn't even read the tax bill—

Is the writer complaining that the other place was given too long a period to discuss this measure, that closure should have been enforced earlier? I am a little bewildered by these contradictions.

A great deal has been said and with merit regarding our limited opportunity to study and lack of expertise respecting the tax reforms. I am somewhat familiar with these reforms. I have been involved in tax investigations over the years. The proposed tax reforms, as I see them, although I do not defend them now, are based on certain principles which have not changed. I sat on a royal commission on taxation in Quebec at the same time as the Carter Royal Commission held hearings, and we met frequently. The principles have not changed, whether they are right or wrong.

I suggest also that no more thorough study of these underlying principles can be made than has already been carried out by the Standing Senate Committee on Banking, Trade and Commerce. This applies not only to the study of the underlying principles, but to the study of the principal changes envisioned. There was, for example—and reference has been made to it—the detailed study of and recommendations regarding the White Paper on Taxation, after many witnesses were heard. The same witnesses will wish to appear before our committee if we proceed in the way in which I think we will. These recommendations of the Standing Senate Committee on Banking, Trade and Commerce, to its credit, materially affected the subsequent policy adopted by the Government. There followed the more recent study, which began in September and resulted in the production of three reports. These studies have given leading members of the Senate the expertise required to discuss fully and intelligently the propositions which will be before us.

I certainly oppose the idea of a time limit, and we are not in a position to impose one in any event. I do believe very strongly that we should proceed immediately upon receiving the bill, and continue to debate it until we feel our work is completed. I am not suggesting that we will complete this task this year, because changes such as are contemplated cannot be made with finality in one session, or even one Parliament. There will be further changes and amendments, such as there are every year in tax legislation. There is no doubt that the Senate will have further opportunities to consider and recommend further changes in the light of an experience which we do not now have.

• (1620)

Hon. Edward M. Lawson: Honourable senators, let me say at the outset that you will have detected in Senator Goldenberg's very reasoned presentation his long association with the labour movement.

I am troubled by the limited choices that we appear to have, as indicated in the debate so far and in the debates that I have followed previously. Apparently we have a choice of adjourning, to show our displeasure with the cavalier treatment we are receiving from the other house.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Lawson: Or we can sit night and day until the end of the year in order to meet the Government's deadline, or we can quickly rubber-stamp the legislation and pass it without amendment.

I am wondering who imposed these limitations on us. I reject the proposition to adjourn. I do not think that we discharge our responsibility by abdicating it. I reject also the proposition that we sit night and day, because I do not accept the philosophy of having legislation by exhaustion.

Hon. Senators: Hear, hear.

Hon. Mr. Lawson: I do not believe that we should follow that procedure. Nor do I accept the proposition that we must take it, rubber-stamp it in three sittings as a form of intellectual honesty, as one honourable senator said, and immediately pass it. I am sure there are more choices available to us than that.

I listened with interest to the remarks of the Government Leader, Senator Martin, who said unequivocally that there is no closure, no guillotine rule, that the Senate makes its own rules. I am one of those who reject the view of the Commons that we do not have the right to amend money bills. I think we do have that right, and we have a responsibility to exercise it.

I am troubled by many sections of the bill, and I am not about to be intimidated by the Vancouver *Sun* or anyone else who suggests that not to do the Government's bidding is to commit some form of suicide.

I am troubled because nowhere in the legislation does it recognize that trade unionists even exist. There is a classification both in the regulations and the bill, for salesmen, but the legislation does nothing for the dignity of labour. For a very important section of the Canadian fabric to be classified with used car salesmen is something that we should comment on when the bill is examined.

Surely those who serve on our Banking, Trade and Commerce Committee have the right to propose amendments, and if other honourable senators wish to propose amendments, and are able to persuade us of their reasonableness and justification, surely they have the right to propose them, and we should send the bill back to the other place should that be necessary.

I am not concerned with the desire of the Government to have the legislation passed by December 31. I think it is a reasonable desire for any government to want to reach a

goal which it has set, and if we are able to pass this bill within the time set it would be a fortunate coincidence for the Government. However, if in discharging our responsibility and examining the bill thoroughly, it takes us to January 2, 5 or 25, or if we have to adjourn until the chairman of the committee can advise us on some of these matters, then we must be prepared for such a delay.

Surely there is no reason why, in the interim, we could not deal with many sections of the legislation in an orderly fashion. I suggest that many senators are allowing themselves to be somewhat panicked by public pressure and the press. We should not minimize the importance of this bill as a major piece of legislation, but we should deal with it in the same calm and orderly fashion as we would any other significant piece of legislation. If it warrants amendments, those amendments should be made and sent to the other place for consideration.

I have heard it suggested that if we do not rubber-stamp this legislation, the next bill to come before us will be to abolish the Senate. If that should happen, we should deal with the bill calmly, perhaps amend it, but do whatever is necessary.

There is a very important principle here for me as a trade unionist. I have not spent half a lifetime negotiating labour contracts that provide a five-day week to come to the Senate to work all hours or on Saturdays and Sundays. However, there are working days available to us between now and whatever time it takes to review the bill, and we should work on those days. I recognize that it will require some sacrifice. Those of us with young families, as well as other senators, may have to sacrifice our planned Christmas holidays. While we reject being intimidated by the press and by pressure from the other place, we should not allow ourselves to be intimidated by Santa Claus. We should allow ourselves time to properly discharge our responsibilities, and I am prepared to make the necessary sacrifice.

Hon. M. Grattan O'Leary: Honourable senators, I am not sufficiently knowledgeable to be concerned with the contents of this bill. Some people call it a bill for tax reform. Others have called it a bill for tax confusion. Which is right, I do not know. Our only concern should be that no external force should attempt to place a deadline upon the time we give to considering this or any other bill.

I am not afraid of the threat to abolish the Senate. Actually that threat does not come, as someone has suggested, from the Leader of the Government or from the Prime Minister. The threat for extinction of the Senate comes from the Senate itself. I say in all sincerity to my friends opposite—and I hope that some of them are my friends—that if today, tomorrow or later on they vote down the motion of the Leader of the Opposition, they will be voting for the end of the Senate. Let us make no mistake about it. If the Senate has not the right to debate, at any length it chooses, a bill coming before it, then the Senate has no place in the political structure of Canada—no place whatsoever.

John Stuart Mill, the spiritual father of their party, and others have all pointed out at one time or another that the greatest danger to representative government is the tyranny of majorities. That is what is threatening at this time.

My good friend, Senator Carl Goldenberg, said at the outset of his speech that he did not wish to go beyond a certain date because he thought the people of Canada would condemn us as being irresponsible. I am afraid that my friends opposite are labouring under a grave misapprehension regarding the state of public opinion on this bill. They had the same grave misapprehension in the case of the pipe line debate. Certain people were sure that the people of Canada were on their side, and were greatly disabused of that idea a few months later. My duty all through life has been to watch public opinion. I say in all sincerity that never, never in all the years that I have been watching Parliament, have I seen such unanimity all across this country against the position of the Government in trying to force this bill through this house in this way. Let us not be mistaken about that.

• (1630)

I want to say a word to the Leader of the Government.

Hon. Mr. Martin: I should have stayed out.

Hon. Mr. O'Leary: When he came to this house—and we were all glad to see him occupy this high position—he told us that he did not come here to preside over the liquidation of the Senate. I say to him now that if he refuses to accept Senator Flynn's motion, that is precisely what he will be doing.

Hon. Mr. Martin: That is nonsense.

Hon. Mr. O'Leary: He will be associating himself with those who are trying to bring about the end of this chamber.

My long time friend, Senator John Connolly, came here the other day with a special plea to pass this bill. I hear over and over again—I have been hearing it ad nauseum—of the toil, the brains, and the ability which the committee put into certain amendments. Well, where is the gentleman who headed that committee? I have great respect for him. Are the members of that committee, from either side of this house, now going to stand up and vote against the proposed amendments?

My friend Senator Lang spoke a while ago of the generosity, as he called it, of Mr. Benson in appearing before the committee and giving us some good intentions. I think he meant well, but I think he meant well feebly. He never mentioned the Senate.

Hon. Mr. Martin: Well, I have—

Hon. Mr. O'Leary: I beg your pardon, he never used the word "Senate", and you can look at the record. He spoke of "your amendment" which could mean anything outside, but not once did he use the phrase "the amendments of the Senate", nor did he say he would accept them. He said "We will give them consideration later on"—sunshine for your grandchildren. I am not impressed by that, and I do not feel this house should be impressed by it.

I repeat, if honourable senators rise and vote against this motion, then they will be sitting at the wake of the Senate, and it not even a good Irish wake. Make no mistake about it.

This chamber is not popular in public opinion. I have travelled all over this country trying to defend the Senate. I appeared before university audiences, and so forth. If this bill is passed in the time limit imposed upon us by the

ministry, or by the representatives of the ministry in this house, then I would not feel like going to any university or appearing before any audience in this country to defend the Senate. I would be glad to see its abolition.

I spoke the other day against the guaranteed annual income. If this house yields to the dictates of a majority and refuse to pass Senator Flynn's motion then all we are doing is taking a guaranteed annual wage while performing no service for it. We are certainly not performing the service that was laid down for us in the British North America Act.

I shall say something else to my friend—and he is my friend. Fifty years ago I sat over in that corner for two sessions of the Senate. I sat there when Senator James Lougheed was the Conservative leader; I sat there when Senator Raoul Dandurand was the Liberal leader; and I sat there when Senator Arthur Meighen was the Conservative leader. James Lougheed never took orders from the Conservative Prime Minister, and neither did Arthur Meighen take orders from Prime Minister R.B. Bennett. If my friend can show me one instance, then I ask him to do so.

Hon. Mr. Martin: I can show you a number.

Hon. Mr. O'Leary: Senator Raoul Dandurand never took orders from the Prime Minister. Raoul Dandurand looked upon this Senate as an independent body which should take legislation cold.

Arthur Meighen never even went to a Conservative caucus. He said: "I cannot sit in cabinet and mould legislation, and then come here and refuse it. I will take the legislation cold." He made that announcement to R.B. Bennett, and Bennett accepted it. I know these things for facts.

Dandurand did not believe in two sides of this house. He said that all senators were here only for the purpose of studying legislation and letting conscience be their guide, and having men of ability to help guide their conscience. This is exactly what we are missing here.

I am not suggesting that the Leader of the Government had made threats. I accept his explanation, but I say that if we are not going to accept our responsibility, if we as senators are not going to play the part we are supposed to play under the Constitution—or, if you like, the B.N.A. Act—then we have no right to exist. We have no right to be here if we are not going to perform the task given to us under the Constitution. As far as I am concerned the Senate could be abolished tomorrow, and I would say "good riddance."

I wonder if honourable senators really know what the public is saying about the Senate? It is mostly unjust, I know, and some of it illiterate, but they say it and think it, and they will say it again tomorrow, only with more justification if you do not accept Senator Flynn's motion. I say that very sincerely. I believe with my whole heart that there is a spirit against this house in Canada, and it has been growing during the past few days—because of what? It is because the people outside think that we are going to bow to the will of the Government. That is what they are thinking. Read this morning's newspapers. They are not concerned with the bill, or the contents of the bill. They are asking just one question, and that is, "Does the Senate exist or does it not? Is it going to perform its responsibilities or is it not?"

My friend a while ago was terribly concerned about an editorial in the Vancouver *Sun*. Do you know who wrote that editorial? It was written by Mr. Bruce Hutchison who has been a loyal heart to the Liberal party, or what is called the Liberal party, for many, many years.

Hon. Mr. Martin: He has been wrong so often.

Hon. Mr. O'Leary: Listen to what he has to say. He is not concerned with the contents of the bill. The editorial states in part:

> Prime Minister Pierre Trudeau's revolutionary concept of "participatory democracy" has now reached its final refinement, with everyone having a say in the law-making process except the House of Commons and the Senate.
>
> Under the new guillotine rule, the governing Liberals will use their majority power to force the house on Friday to pass the entirely new tax law for Canada, with about two-thirds of its 332 clauses either not debated or not approved in detail.
>
> The government has also ordered its majority of Liberal senators to whip the measure through the Upper House in time to go into effect on January 1.

Now, there may not have been direct orders, but what does it mean if you do not accept Senator Flynn's motion? Do you not want to sit here and consider this bill further? Are you telling me that you know all you want to know about this bill? Mr. Benson says he does not know everything he wants to know. No one in the House of Commons professes to know all about this bill. The tax experts clear across the country say they do not understand the bill, and yet you people sit here and tell us, "Look, we do not need to wait until January 10. We know all we need to know about this bill". That is nonsense. I do not know a thing about this bill.

Hon. Mr. Martin: Would the honourable senator permit me to ask him a question?

Hon. Mr. O'Leary: Certainly.

Hon. Mr. Martin: I just want to make sure we are talking about the same thing.

The purpose of the motion is not that we should sit until January 10, as the honourable senator has just said, but that we should leave now and not come back until January 10. That is the proposal.

Hon. Mr. O'Leary: That is all right. What is wrong with that?

• (1640)

Hon. Mr. Martin: But that is not what you have just said.

Hon. Mr. O'Leary: You know perfectly well what I mean.

Hon. Mr. Martin: I want to be sure.

Hon. Mr. O'Leary: Make no mistake about it, if you believe in those amendments that your distinguished colleague moved—and indeed he told me once he was going to insist on their passage, which you all applauded—are you rejecting them now? Why do you not come back and consider them here? Why do you not come back on January 10? What is wrong with that? Let us return here and

have a second look—what they call a sober second look—or any kind of look. So far as I am concerned, I will sit tomorrow and the day after; I will sit Christmas Day. But that is not the way to deal with these matters.

Senator Lawson put it well when he said he did not believe in legislation by exhaustion. That is not the way to consider legislation. Let us take these Christmas days off and have a bit of reflection, after which perhaps we will have more kindly feelings towards one another and even towards this Government, although I find that hard. Let us all come back feeling refreshed, sit down calmly, and see what we can do about this bill.

What can the Senate do to justify its existence? That is what is at stake. If we abdicate our responsibilities now and say we must do what the other place wants us to do, then why are we here at all? Are we here because occasionally we have a committee to look into poverty? Is that the only meaning of the existence of this house? Are we here to have a committee to look into the mass media? And what in the name of heaven has happened about that? What will happen about the report of any committee this house sets up?

This house must declare that no one shall put a deadline upon its deliberations.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. O'Leary: We should make that absolutely clear to the country, and one way to do it is to support this motion. You cannot sit back and say, "We support the idea. We will do this and we will do that." Here is a clear cut proposition before us. Let no one outside dictate to us how, or when, or for how long we should discuss these bills. Let no one do it. We are here to discharge our own responsibilities. We make our own rules. If we do not do that, the country will say—and the country will say rightly—that the Senate has no place in the structure of government in Canada, and should be abolished.

Hon. Donald Cameron: Honourable senators, I did not intend to participate in this debate, and my remarks will be brief. I will reluctantly vote against Senator Flynn's amendment, not because I am not in sympathy with it but because I think a decision to do as he asks today would be misinterpreted very badly. I am jealous of the reputation of the Senate, and I want to see it continue. I think it would be unwise to pass this motion.

I should like to follow the procedure outlined by my friend Senator Lawson, which I think is the right one. Apart from Senator Flynn's excellent presentation, we have had two very good speeches on this subject by Senator Lang and by Senator Lawson. I think most of us are prepared to sit here and discuss this bill for as long as is necessary. If we cannot do what we consider justice to the bill by the deadline that has been set, then I would be perfectly happy to go into the new year. I am sure the heavens would not fall if we did that. I think that would be better tactics. It would not be wise, because of the misinterpretation it would evoke, if we adjourned today, so I will oppose the motion.

Hon. Mr. Choquette: How can there be misinterpretation if we make the right interpretation clear and give reasons why we are doing this?

Hon. Mr. Cameron: I will not argue it. That is my interpretation.

I read carefully the report of the meeting last Monday with the Minister of Finance, and I was looking for some evidence that he had made a commitment. I have come to the same conclusion as Senator Lang, that there is no commitment that even one amendment will be accepted. I realize the difficulty the minister is in; he cannot commit the cabinet. However, I say to you that we must have more assurance than we have been given that some of the amendments proposed by the Senate committee will be accepted early in the new year. The bill that is coming to us tomorrow afternoon, to which some 150 amendments have been proposed, is not the same bill as the unamended version which will be approved within a month, two months, or whatever it may be.

With regret, Senator Flynn, I will oppose your motion, for I think a very good reason. Nevertheless, we must give this matter the fullest consideration. As far as I am concerned the deadline does not matter a bit, even if it does inconvenience Mr. Benson or the cabinet.

Hon. Eugene A. Forsey: Honourable senators, I thought for some moments this afternoon that it would be unnecessary for me to say anything, because the things I thought ought to be said had already been said, and so well said. We have listened to some very fine speeches this afternoon, beginning with a most comprehensive and logical speech from Senator Flynn. There may have been certain features with which I did not agree, but it was a masterly presentation of his case. Nobody could listen unmoved to the superb eloquence of Senator O'Leary, presenting those great principles of parliamentary government of which he is such an eloquent defender. Nobody could listen to the careful and reasoned speech of Senator Lang without being impressed by it, at least so I feel.

But it seems to me that essentially there is just one question at issue on this motion of Senator Flynn's this afternoon. I do not think there is very much difference of opinion among most of us here, on whichever side of the house we sit, about the necessity of giving this bill just as much, as thorough and as prolonged consideration as the Senate sees fit. At any rate, I am quite sure I am not alone on the Liberal side of the house in feeling this.

Hon. Mr. Martin: That is right.

Hon. Mr. Forsey: If there are Liberals who feel differently, that is their responsibility. I find myself in accord with my friends Senator Cameron and Senator Goldenberg at least, on this matter, and I think in accord with other senators. As far as I am concerned the question is not shall the Senate give whatever consideration it deems adequate to this bill. The question is: Shall it start tomorrow afternoon when the legislation reaches us or shall it put off that consideration for more than three weeks? That seems to me to be the critical question before us this afternoon on Senator Flynn's motion, and that is why I cannot vote for it.

I yield to no one, not even Senator O'Leary, in my belief that this house should not be pushed around or bulldozed or dictated to, or any of the other strong terms he may have used or may have thought of, or that other people

could use. The central issue raised by this motion is simply, shall we start that thorough, adequate and detailed, as detailed as we think necessary, consideration tomorrow when the legislation reaches us, or shall we go off on holidays for over three weeks and begin that consideration only after that period has elapsed. I do not see how we can justify to the people of Canada interposing this hiatus, this gap, in our consideration of this legislation. That is why I feel, with some reluctance, obliged to vote against Senator Flynn's motion.

Hon. Mr. Choquette: May I ask my honourable friend a question? Is he not aware that, I would say, three-quarters of the senators who do not live close to Ottawa, Montreal, or Toronto—who form 98 per cent of the Senate—made their plane reservations some months ago, as they had to do? You cannot anticipate that there will be more than a corporal's guard here after December 22. Let us not joke about that.

Hon. Mr. Forsey: My honourable friend has asked me a question. In the first place, I think the public interest should come before the private interest of any member of this house. I realize that I am in an unusually favourable position; I live here and have no plans to go away to the Caribbean, Jamaica, or even across the river to Hull, for the Christmas season. I propose to stay put.

• (1650)

At the same time, it does seem to me that while there may be senators who are in a position where they simply cannot be here, the great bulk of members of the house would be able to be here for a considerable part of the period which may be necessary to give this bill prompt and adequate consideration. I am not persuaded that it is not possible to make arrangements, including transportation arrangements, for senators who find themselves in particular difficulties. I think this should be possible, and I even have some reason to think so from things I have heard from authoritative sources.

If the proponents of this motion are going to take their responsibility as senators as seriously as they have said over and over again—and with eloquence that has torn the purple off the clouds—surely they must be prepared to make some personal sacrifice, accept some personal inconvenience. If I lived in Vancouver or in St. John's, Newfoundland, or even in my native place, Grand Bank, which is even more inaccessible, I should still say exactly the same thing as I have said now.

Hon. John Nichol: Honourable senators, I will only take a moment or two of your time. Senator O'Leary mentioned an editorial in the Vancouver *Sun* which reads, in part, as follows:

> The Government has also ordered its majority of Liberal senators to whip the measure through the Upper House in time to go into effect on January 1.

Senator O'Leary questioned this statement, and questioned it quite correctly, as far as I can see. This is not given as an opinion of the editor of the Vancouver *Sun* but as a statement of fact, and I rise to say that as far as I am concerned it is inaccurate. I do not know how other Liberal senators feel about the editorial.

My second point is in regard to Senator Choquette's remark about travel problems. Those of us who come from British Columbia, I suggest, have a more serious problem than most other people, though perhaps not more serious than Newfoundlanders. The only person who lives farther away than I do is Senator Heath, who lives in Nanaimo—in the banana belt.

I think it is most inconvenient that this bill should come to us at this time, but I suggest that our responsibility to this institution and to the people who pay our bills is to get on with it as quickly as we can and stay on it as long as we have to. The suggestion that it would be more responsible to adjourn to January 10 does not carry any logic that I can see. We should come here on Saturday and if we cannot put the bill through by January 1, then we must sit beyond January 1. We will not get it through any earlier by waiting to begin until January 10. The logic of this suggestion escapes me.

Hon. Sarto Fournier: Honourable senators, I was deeply impressed, as usual, by the speech delivered by our most distinguished colleague, Senator O'Leary. He told us he was prepared to sit here even on Christmas Day and New Year's Day. That is very nice, but the vote that he is about to make on this motion just contradicts what he said. He should amend the motion. Why should we lose ten days this year to gain ten days next year?

Senator O'Leary gave a wonderful demonstration of his freedom here as a senator. He has made up his mind freely whether he will vote for or against the motion, and I enjoy the same freedom to vote for or against. I do not like to be pushed around or be terrorized by the Opposition, who state we are killing the Senate, bringing shame on it all over the country. That is not so. We are perfectly free to do as we wish. If I vote against the motion, I am using the same freedom as anyone who is prepared to vote in favour of it.

Hon. Andrew Thompson: Honourable senators, I should like to indicate why I will vote against this motion. I listened to the suggestion of the honourable Leader of the Opposition that we should have a three-week recess and come back on January 10. While I look with great respect and fondness on Senator Grattan O'Leary, if the employees on his newspaper were to say they wanted three weeks for contemplation or relaxation, he would be outraged. They may get two days.

I look over to my friend the senator who, with great ability and skill, has fought for the rights of labour unions. I think he would be delighted if the members of labour unions were to get a three-week holiday at Christmas because of a plea by the Leader of the Opposition that they needed to rest up for three weeks.

If there is any justification for the abolition of the Senate, it would be that we accept this motion on the basis that for three weeks we must rest up, that we cannot contemplate the technicalities and principles of this bill without having that three weeks' rest. If we were to vote for this motion on that basis—and it is clearly stated that it is January 10—that only by then we would feel fit and full of vigour again, we would be a laughing stock to the whole of the working people of Canada. For that reason, I intend to vote against the motion.

Hon. Mr. Choquette: Would you go for January 5?

Hon. Mr. Thompson: No. I am here to work. I came here to assume my responsibility and I intend to assume it.

• (1700)

Hon. Charles McElman: Honourable senators, in his remarks Senator Lang made the point that we are here to represent the provinces. With all respect to the provinces, there are other reasons why we are here. But as a representative of the Province of New Brunswick I regard this motion as nothing more than a delaying motion. In that respect I do not believe it to be constructive, and I do propose to vote against it.

I am in agreement with Senator O'Leary in that I do not pretend to understand all this bill. Even if I were to study it from now until doomsday I could not understand it, with its legalistic jargon and its involvements that only tax experts could pretend to understand. No, I do not understand all of it. I suspect that Senator O'Leary and many other senators would never understand it all. Moreover, I do not think that the Senate, even if it were to sit now for two solid months, would be able to introduce amendments that would make this a perfect tax bill. I am sure most of you will agree with that.

This whole matter has been before not just Parliament but the whole country now for a number of years. The best tax minds in the nation have made their representations. Barristers have made representations on behalf of their clients, corporate and otherwise. Surely the time has come to relieve the uncertainties that the corporate structure tells us exist in the country. Witnesses have suggested to our committee, and to the other place, that the delays and uncertainties involved have held back major capital investments in this nation. Surely it is a time to end those uncertainties and the upset in the economic structure that has been created, we are told, by those delays.

As a New Brunswicker I do not want to see further delays. With others I am prepared to sit now and do my bit, however small, in getting the reformed tax law before the nation. As a New Brunswicker I must think of the thousands of small wage earners in my province who are below, many of them far below, the poverty level referred to in the excellent report recently presented to this chamber by Senator Croll and his committee on poverty. And yet, although they are below that poverty level and even have to scrimp for a living—thank God they are still working for a living—they are still paying taxes. Thousands of those people will come off the rolls because of their very small earnings. Thousands more of my fellow New Brunswickers will get a reduction in taxation.

There is great uncertainty in a number of the major industries of New Brunswick today. There are slowdowns and shut-downs threatened for the next few weeks, and it is reported that those shut-downs will cause the loss of 1,400 full-time jobs in my province. Whether that can be related to the uncertainties being created by delays, I do not know.

Hon. Mr. Flynn: Certainly not.

Hon. Mr. O'Leary: Of course not.

Hon. Mr. McElman: Senator O'Leary shakes his head. Perhaps he is more familiar with the situation than I am.

Hon. Mr. O'Leary: It will not affect the workers at all. The bill goes into effect on January 1 regardless of what we do.

Hon. Mr. McElman: I appreciate that thesis, but it is not true.

Hon. Mr. O'Leary: That is true. It is stated clearly. So what are you arguing about?

Hon. Mr. McElman: If we were to follow through the proposition that we have heard, then who is to say that the three weeks proposed, starting sometime in January, is going to give us a better bill or a more effective bill?

Hon. Mr. O'Leary: The point is that we have the right, at least, to do it.

Hon. Mr. McElman: Who is to say that it will take three months, or the year that some are proposing we should take? It may take two years. How long do we malinger in dealing with tax reform? That is the whole point.

Hon. Mr. Grosart: Malinger?

Hon. Mr. McElman: Yes, malinger, senator. If you wish to dispute the use of the word, let us hear what you have to say.

Hon. Mr. Grosart: I object to any suggestion that the Senate would be malingering.

Hon. Mr. McElman: Would "procrastinate" be more appropriate, in your opinion?

Hon. Mr. Grosart: Yes, putting off; procrastinating, yes.

Hon. Mr. McElman: The whole proposition is that we delay. Many of the propositions being put forward by editorial writers and elements of the corporate structure are also that we continue to delay. They want us to delay so that they can make further representations—repetitions of representations they have already made. I do not think anything is to be gained by further delay. We are here. A bill is to come before us. Let us get on with it now. If it takes until mid-January or mid-February, all right, but let us not go home now before we even get the bill. Let us get on with the thing.

Hon. Mr. Flynn: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Leader of the Opposition speaks now his speech will have the effect of closing the debate.

Hon. Jacques Flynn: Honourable senators, I shall not detain you long. I want only to answer briefly a few of the arguments put forward by some honourable senators who participated in the debate. I shall proceed in reverse and say a few words with respect to what the last speaker, Senator McElman, had to say. He seemed to suggest that a delaying motion is always an obstructive motion.

Hon. Mr. McElman: Not always.

Hon. Mr. Flynn: Well, that is what you said.

Hon. Mr. Grosart: He used the word "malingering".

Hon. Mr. Flynn: At any rate, you must agree that a delaying motion is not always an obstructive motion.

Hon. Mr. McElman: I did not say "always". I suggested that this motion is obstructive.

Hon. Mr. Flynn: I suggest that sometimes it is a very good thing to delay a decision, and to think it over before making it. That is the essence of my motion.

I was very interested to listen to the remarks of Senators Goldenberg, Lawson and Forsey. They are newcomers here, and they reacted as people who have no knowledge at all of the ways in which Parliament operates.

Hon. Mr. Martin: They have been writing about it for years.

Hon. Mr. Flynn: They seem to think that Parliament never recesses. We always recess at Christmas, even if we have some bills that are not passed. We always recess in June, even if numerous bills have accumulated. That has always been the case.

All honourable senators know that it was indicated a long time ago that the Government was trying to adjourn the house on December 17, and that there was no need to pass legislation in the other place except this bill and the appropriation bill. When the house adjourns there will still be many pieces of legislation on the Order Paper. We never finish all our work here. There are always some bills which remain on the Order Paper at the end of a session, or at the time of adjournment. To say that you can never go away while there is legislation before Parliament is simply ridiculous, and it shows ignorance of the way Parliament works.

• (1710)

Hon. Mr. Forsey: Nobody said that.

Hon. Mr. Flynn: Senator Goldenberg, Senator Lawson, and Senator Forsey said that since the legislation is there it must be dealt with.

Hon. Mr. Goldenberg: I never said that. I have been around these institutions for many years now, and would never say that.

Hon. Mr. Forsey: I also rise on a question of privilege. I have been around these precincts for a very long time. I was brought up in the shadow of the old buildings. My grandfather was chief clerk of votes and proceedings of the House of Commons from 1888 to 1915, and in 1888 had already spent 33 years in the service of the Assembly of the Province of Canada and the House of Commons of the Dominion of Canada. If Senator Flynn thinks I do not know about these things he is very much mistaken. If he imagines anything to the contrary he is grossly deceiving himself.

Hon. Mr. Lawson: If I may rise in defence of Senator Flynn on one point, I confess that I am a rookie, but I still have an understanding of the proceedings in this place, and I did not say that.

Hon. Mr. Flynn: Well, I cannot remember who said it, but I am happy that I have succeeded in having three honourable senators jump up one after the other, and particularly to have Senator Forsey tell us about his grandfather. I did not know experience could be inherited.

Honourable senators, I was just saying that it is entirely wrong to assume that Parliament should never recess unless it has cleared the Order Paper. We always take recess at Chritsmas, and we always take recess during the summer. There is a great difference between urgency and importance where legislation is concerned. Legislation may be urgent without being important, and it may be important without being urgent. And now we are told that that kind of legislation which has been on the Order Paper of the other place for six months needs to be passed in 10 days. No, absolutely not.

Hon. Mr. Goldenberg: That is what you suggested.

Hon. Mr. Flynn: You probably did not read the motion, or did not understand my suggestion which was that this is not the proper time at which, nor are these proper circumstances in which, to deal with this type of legislation. When I suggested the Senate should adjourn today until January 10, I did so because I felt that would be a more appropriate time to deal with the legislation and to do a good job of it. I assure you it is not because I want to go away. Honourable senators will discover—and I shall leave you with this thought—that if we proceed with the legislation at this time we will not do a good job of it. We will not do a good job of it because we will not be able to. It will be impossible to do a good job of it. The bill will of course go through, and it will go through quickly, but you will find that what I am telling you is true; that we will not be in a position to deal with it as we should deal with it. It is not because we want to go away. If we deal with this legislation during this time, will we have the experts? Will we have the people we need?

I am not trying to avoid criticism. I am not afraid of what the press may say. I have said so before. I am not at all afraid of that. All I am suggeting is that we do what we think we should do, and in the best possible circumstances. Nobody can deny that we have been told by the Government to pass this legislation by December 31. Even Senator McElman has said that we have to pass it because the small wage earner may benefit as from January 1. If that is not suggesting that we have to deal with it before December 31, I do not know what it is.

Senator Lawson also said that we should stay here, and if we are not through by December 31 we can continue in January. I suggest to you that we will use our time much better by coming back on January 10 than by trying to work on a complex bill like this in the circumstances I have mentioned.

I know what is going to be the result of the vote. There is within the huge Liberal majority with many active members a silent majority that will dispose of it very quickly. Nevertheless, I considered it my duty to warn the Senate that we are being asked to do something in exceptional circumstances. I dare to predict that we will not do a good job.

The Hon. the Speaker: It is moved by honourable Senator Flynn, seconded by honourable Senator Choquette, that when the Senate adjourns today it do stand adjourned until Monday, January 10, 1972, at two o'clock in the afternoon. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: Since there is uncertainty of opinion will those in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Would those against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the nays have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Call in the senators.

• (1720)

Motion of Hon. Mr. Flynn negatived on the following division:

YEAS

Honourable Senators

Belisle	Lang
Blois	Macdonald
Choquette	O'Leary
Flynn	Paterson
*Grosart	Phillips
Haig	Quart
Heath	Welch—14.

NAYS

Honourable Senators

Aird	Hastings
Basha	Inman
Benidickson	Isnor
Boucher	Kinnear
Bourget	Lafond
Bourque	Laird
Buckwold	Langlois
Burchill	Lawson
Carter	Lefrançois
Connolly	Martin
(*Ottawa-West*)	McElman
Cook	McNamara
Davey	Michaud
Duggan	Molgat
Eudes	Nichol
Fergusson	Petten
Forsey	Prowse
Fournier	Rowe
(*De Lanaudière*)	Smith
Fournier	*Sparrow
(*Restigouche-Gloucester*)	Stanbury
Gélinas	Thompson
Goldenberg	van Roggen
	Williams—44.

*See p. 1638 re correction of division list.

The Hon. the Speaker: I declare the motion lost.

[*Later:*]

Hon. Allister Grosart: Honourable senators, I rise on a question of privilege. The Leader of the Government assured us that there would be no closure in the Senate. I was standing at the door with Senator Sparrow—and there were two witnesses as eminent as we need—and had the door closed in my face by the page. I was at the door, and the bell was still ringing. I suggest to Your Honour that the vote was improperly taken. A senator has the right to remain outside the chamber while the bell is ringing.

Hon. Mr. Langlois: Your Whip came in.

Hon. Mr. Grosart: This is as ancient a rule of procedure as there is. I hope Your Honour will take this into consideraton and inquire. I am not blaming the page. He said he had instructions—instructions to close the door in the face of two senators. Perhaps the Government Leader will renew his assurance that there will be no closure. I cannot think of any worse form of closure than having the door slammed in the face of a senator. Is that not closure? He was closing the door, not opening it.

Hon. Mr. Martin: Honourable senators, I am sure that the consensus of the Senate—which was reflected on both sides—to the observations of Senator Grosart will convince him that his reference to closure was not accepted in the manner, however regrettably, he put it forward. I point out that the two Whips, Senator Langlois and Senator Macdonald, came in. If the senator was denied the right, we regret it. I do not agree with the term closure, especially as used by the honourable Senator Grosart.

Hon. Mr. Grosart: Point of order.

Hon. Mr. Martin: I am speaking on a point of order now. I am about to help you.

I suggest that Senator Grosart be recorded as having voted for the motion put forward by Senator Flynn.

The Hon. the Speaker: The honourable Senator Grosart has raised a question of privilege, and since he felt that he should say a few words with regard to it perhaps I might also speak. We have followed, as far as I am concerned, the general practice. When I saw both Whips, Senator Langlois and Senator Macdonald, take their seats I waited a certain time because some other senators in the chamber were in conversation. Then I called for order and, of course, took the vote.

If the honourable Senator Grosart would like me to inquire further into this, I will do so. I assure him, however, that this vote did not take place before both Whips were in their seats.

Hon. Mr. Choquette: I think Senator Sparrow would like to record his vote. What side would you be on, sir?

Hon. Mr. Sparrow: If permitted to do so, I would like my vote recorded as being opposed to the motion.

Hon. Mr. Grosart: Honourable senators, the point I make is not whether the Whips were in but whether we intend in the future to follow our practice of years of not closing the doors while the bell is still ringing. Surely that is the purpose of the bell, to warn senators that when it ceases they may not enter. I suggest it is a confusing practice if we are to have differing signals to His Honour the Speaker as to when a senator may record his vote.

• (1730)

The recording of a vote is a very important matter. I suggest that the ringing of the bell has traditionally been for the guidance of senators. It is a question that I should like His Honour to take up, in order to ensure that in

future when the bell is ringing the doors are not closed in the face of any senator.

I should like to make one further comment. I regret that Senator Martin mistook my remarks on closure. It was meant to be *obiter dictum*, to be humorous. In the mood I was in, I may not have expressed myself in a manner which sounded humorous to him.

Hon. Mr. Martin: I thank the honourable senator. I have forgotten anything he said against me that I did not like.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America concerning joint participation in an Augmentor Wing Flight Test Project. Ottawa, October 19 and November 10, 1970. Entered into force November 10, 1970.

Copies of Notes exchanged between the Government of Canada and the Government of Barbados, constituting an Agreement relating to Canadian investments in Barbados insured by the Government of Canada through its agent, the Export Development Corporation. Port of Spain, October 26 and November 17, 1970. In force November 17, 1970.

Copies of Notes exchanged between the Government of Canada and the Government of Saint Lucia, constituting an Agreement relating to Canadian investments in Saint Lucia insured by the Government of Canada through its agent, the Export Development Corporation. Port of Spain, November 18 and 25, 1970. In force November 25, 1970.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, concerning the joint use, operation and maintenance of the Churchill Research Range (with Annex). Ottawa, November 16 and December 18, 1970. In force December 18, 1970 (with effect from July 1, 1970).

Copies of the Canada-Jamaica Income Tax Agreement. Signed at Kingston, Jamaica, January 4, 1971. In force May 19, 1971.

Copies of Agreement between the Government of Canada and the Food and Agriculture Organization of the United Nations. Done at Rome January 22, 1971. In force January 22, 1971.

Copies of Contribution Agreement between the Caribbean Development Bank and the Government of Canada, covering the use of Canadian Special Funds Resources. Bridgetown, Barbados, February 17, 1971. In force February 17, 1971.

Copies of Notes exchanged between Canada and the United States of America, amending the arrangement relating to Certificates of Airworthiness for Export effected by an Exchange of Notes of July 28, 1938. Ottawa, August 12, 1970 and February 18, 1971. In force February 18, 1971.

Copies of the International Wheat Agreement, 1971, consisting of a Wheat Trade Convention, 1971 and a Food Aid Convention, 1971. Washington, March 29-May 3, 1971.

Copies of Notes exchanged between Canada and the International Civil Aviation Organization, constituting a Supplementary Headquarters Premises Agreement. Ottawa, April 7, 1971. In force May 3, 1971.

Copies of Notes exchanged between Canada and the United States of America relating to the construction and maintenance by Canada of a Loran-A Station at Gray Point, British Columbia. Ottawa, April 8, 1971. In force April 8, 1971.

Copies of Agreement on scientific, industrial and technological cooperation between the Government of Canada and the Government of the Kingdom of Belgium. Done at Brussels, April 21, 1971. In force April 21, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, constituting an Agreement for co-operation in an experimental communications technology satellite project (with a memorandum of understanding dated April 20, 1971). Washington, April 21 and 27, 1971. In force April 27, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, constituting an Agreement completing the transfer of the Redcliff communications site to the Government of Canada. Ottawa, May 10, 1971. In force May 10, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, constituting an Agreement concerning a joint program in the field of Experimental Remote Sensing from Satellites and Aircraft. Signed at Washington, May 14, 1971. Entered into force May 14, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America for mutual co-operation between the two countries in the detection and suppression of forest fires within a buffer zone along the boundary separating the Yukon Territory and the State of Alaska. Washington, June 1, 1971. In force June 1, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, concerning the deactivation of the Stephenville Radar Station and the transfer to Canada of responsibility for the manning and the military personnel costs of the Melville Station. Washington, April 15 and June 30, 1971. In force June 30, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America concerning new financial arrangements to govern the operation and maintenance of the Pinetree radar stations in Canada which comprise the continental radar defence system. Ottawa, August 16, 1971. Effective from August 1, 1971.

Copies of Agreement and Operating Agreement relating to the International Telecommunications

Satellite Organization "INTELSAT". Signed at Washington, August 20, 1971.

Copies of Agreement between the International Atomic Energy Agency, the Government of Canada and the Government of India relating to safeguards provisions. Vienna, September 30, 1971. In force September 30, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of Malaysia, constituting an Agreement relating to Canadian investments in Malaysia insured by the Government of Canada through its agent, the Export Development Corporation. Kuala Lumpur, July 30 and October 1, 1971. In force October 1, 1971.

Copies of Agreement between the Government of Canada and the Government of the Polish People's Republic, relating to the settlement of financial matters. Ottawa, October 15, 1971. In force October 15, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the Kingdom of The Netherlands, constituting an Agreement in connection with the ferrying of Royal Netherlands Air Force NF-5 aircraft from Canada to The Netherlands. Ottawa, November 1, 1971. In force November 1, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of Jamaica, constituting an Agreement relating to Canadian investments in Jamaica insured by the Government of Canada through its agent, the Export Development Corporation. Kingston, Jamaica, November 2, 1971. In force November 2, 1971.

SENATE ACCOUNTS

THIRD REPORT OF STANDING COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION ADOPTED

The Senate proceeded to consideration of the third Report of the Standing Committee on Internal Economy, Budgets and Administration which was presented yesterday.

Hon. Donald Smith: Honourable senators, I move the adoption of this report.

Hon. Paul C. Lafond: Honourable senators, I gather that the report of the committee covers the same ground as that covered in the other house and is in conformity with most of the representations in the Beaupré Report. However, I see a discrepancy between the text as published in the *Minutes of the Proceedings* in English and that published in French. The document, as adopted in the other house and as reproduced here in French in four paragraphs, refers to travelling between:

> la localité où ils habitent ou leur circonscription et Ottawa,

The English text refers to "their place of residence and Ottawa", without referring to "constituency".

The word "constituency" is used in the other place, and I submit that in this place the French version in our *Minutes* should prevail and the word "constituency" used. Senators from the Province of Quebec do have "constituencies".

Hon. Mr. Flynn: Divisions.

Hon. Mr. Lafond: Or "circonscriptions". For practical purposes, to change anything of that nature would not greatly increase the expenditure. I for one would not wish to impose my presence on the good people of the Gulf Region for 52 weeks of the year. Nevertheless, it is a constitutional requirement. It is in the Constitution. I suggest that the text of the rules of this house, whether they be internal economy rules or others, should recognize this fact.

Hon. W. M. Benidickson: Honourable senators, the remarks of Senator Lafond have come as a unique coincidence, because only half an hour ago I discussed this matter with our Director of Administration. I would like the chairman of our committee to recognize that in matters of administration we have fought for equality with the other house. I represent Kenora-Rainy River, which encompasses perhaps one-eighth of the Province of Ontario. I was for 20 years a member of the House of Commons and was not entitled to expenses in moving from town A to town B, C, D, E or F, each being 100 miles apart.

My understanding has been that there is a regulation in the other place which entitles members of Parliament who travel to various communities in their constituency, in order to meet with their constituents, to receive a car allowance of 16 cents per mile. I submitted such a bill here and was told by our administration that they knew nothing about such a regulation. I cheerfully withdrew my account. As I say, just half an hour ago I discussed this matter with our office and inquired whether we had equal status with members of the other house in this respect.

Hon. Mr. Smith: What was their answer?

Hon. Mr. Benidickson: The answer was that they did not know, that the matter would be taken up with our chairman, Senator Smith, and an investigation made.

Hon. Mr. Smith: I do not intend to close the debate, but I should like to reply to the point raised by Senator Lafond. It was conveyed to me that there was no departure in form or context from that passed by the House of Commons. In other words, I was assured that honourable senators had extended to them those improved rights and privileges with respect to travelling expenses which were recently extended to members of the House of Commons. The recommendations extended no more and no fewer rights and privileges. I am inclined to believe, from the discussions we had when preparing this item for consideration by the committee some time ago, that there is a basic principle of law involved. I have been informed that there is no such thing as a constituency within the Senate. There are what are called "divisions"—

• (1740)

Hon. Mr. Flynn: Only in the Province of Quebec.

Hon. Mr. Smith: Yes. People must be assigned to these divisions, and they must own property of a certain value in order to qualify for membership.

I do not know what the French translation of the word "division" is. Is it "division"?

Hon. Mr. Flynn: That is only in the Province of Quebec.

Hon. Mr. Smith: Yes, it exists only in the Province of Quebec and for very good historical reasons.

There is a reason for using the word "constituency" in the House of Commons which does not apply to this chamber. My constituency, for example, is the Province of Nova Scotia.

I wanted to point out to Senator Lafond and to others that the new regulations will provide for a rather generous privilege with respect to travelling within one's so-called constituency—his "division". Under the new rule he will be allowed to travel ten times each year, and if this rule does not work to the satisfaction of Senator Lafond or any other senator who may feel restricted—Senator Benidickson has felt this way for some years—then I, as chairman of the committee, would be glad to view favourably any proposal that the committee might want to consider in improving the situation.

I do not believe there is anything else I can add. I hope that the extensions, after they have been carefully read by honourable senators, will be accepted. These extensions appear at page 493 of the *Minutes of the Proceedings* of Wednesday, December 15, 1971. They are rather important extensions of our former rights and privileges.

We are entitled, as members of Parliament—not as members of the House of Commons—to equal treatment in matters of this nature. We have attained that, as indeed we have with respect to the treatment of our staff at all levels. Senators get exactly the same amount of indemnity as the members of the House of Commons.

I should also draw to the attention of those who may be interested one particular item of the new order, and that is paragraph (a)(i) which puts into effect a restrictive change. This restricts senators' visits to their residences to one a week. This is not a privilege which has been abused, to the best of my knowledge, by members of the Senate, but the added extensions of our privileges are such that there has to be a restriction as to their use. In order to get a moderate restriction of these things it is necessary to have a base from which we can calculate how many trips to various parts of the country, or even one's "constituency", we are going to have. I simply draw that to your attention, but, in general, these are favourable and welcome extensions.

It will be possible for the first time for senators to see parts of this country which they should see, and also to bring their wives to Ottawa at public expense.

Hon. Mr. Choquette: And some of them will be able to campaign for their parties.

Hon. Mr. Smith: They will be able to campaign for the NDP, the Social Credit, or for whatever independents they wish.

Hon. Mr. Lafond: Honourable senators, I have one suggestion to make. I feel there is ample provision for any requirement I might have, so it is not a question of the amount of money, but at the moment we have both an English and a French version and they are not the same. I have no quarrel if there is good reason to delete the word "constituency" from the English report if it is not applicable to this house. Nonetheless, there is a constitutional requirement as far as senators from the Province of Quebec are concerned, and that is that they must hold a senatorial division. If we must delete the word "constituency", then we should insert the words "senatorial division".

Hon. Mr. Benidickson: Honourable senators, I apologize for rising again, but perhaps I can excuse myself for doing so on the basis of a point of privilege.

The Chairman of the Internal Economy Committee was extremely sympathetic with and understanding of the position some senators are in. My point of privilege is with respect to his statement that I complained for a number of years about the situation. That is not so. I suffered under this for many years, having to pay for airplane transport to visit my constituents, travelling sometimes a thousand miles.

We have achieved a fair amount of parity in our rules in this respect with those of the other house, and I hope, in the recommendations of the committee, that we continue our endeavours in that direction. I hope the chairman will give consideration to subsequent amendments.

Hon. Gildas L. Molgat: Honourable senators, there is a restriction, it seems to me, that will now be imposed upon senators whose provinces are a far distance from Ottawa. Any senator from a distant province who establishes residence in Ottawa will now be limited to ten trips a year to his home province, whereas under the present rules such a senator can travel back and forth as frequently as he requires.

Hon. Mr. Flynn: You have to keep a residence in your home province.

Hon. Mr. Smith: The regulations have no such effect. This situation has existed for a good many years. A senator from Nova Scotia may choose to have a permanent residence in Ottawa, but he is registered as a resident of his home province and there is no question about his eligibility for the same treatment as everyone else.

Hon. Mr. Forsey: Honourable senators, I rise on a question which will probably provide Senator Flynn with proof of his aspersions upon my lack of knowledge of this place. It is probably perfectly clear to everyone else, but it is not clear to me. I should like to know whether we are adopting the English version of this report, or the French version? I want to know which one is to be authoritative. Under the Constitution, and the Official Languages Act, both are authoritative. But which one are we adopting? It makes no difference to me, but it may make a difference to some members of this place.

It is not only in paragraph (a)(i) that there is a difference, but also in paragraphs (a)(ii) and (a)(iii).

[*Translation*]

In French it says: ". . . ou leur circonscription . . ." but in English, it is entirely different.

[*English*]

Hon. Mr. Smith: Perhaps I can reply to that briefly, and hopefully clarify the situation.

When we were considering this in the plenary session of the Internal Economy Committee the other day we had only the English version before us. Up to that time, as far as I know, the French version was not available. There is apparently some doubt as to whether the translation is

accurate, and, of course, that will be looked into very carefully. If there are any discrepancies they can easily be corrected.

This is the version we considered, and this is the version I refer to in moving the adoption of the report.

Report adopted.

The Senate adjourned until tomorrow at 2 p.m.

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

VOTING PROCEDURE

CORRECTION OF DIVISION LIST—STATEMENT BY HIS HONOUR THE SPEAKER

The Hon. the Speaker: Honourable senators, yesterday the honourable Senator Grosart rose on a question of privilege respecting the recorded vote on honourable Senator Flynn's motion, and said that the doors of the chamber were locked before the division bell had stopped ringing, and that he was therefore prevented, with the honourable Senator Sparrow, from entering the Senate to participate in the vote.

I have looked into the matter and found that the honourable Senator Grosart's question of privilege was well taken. Through an unfortunate misunderstanding, the doors of the chamber behind the Chair were closed and locked while the division bell was still ringing.

I suggest, therefore, if honourable senators agree, that the division list printed in the *Minutes of Proceedings* of the Senate of Thursday, December 16, 1971, pages 499 and 500, be corrected by the Clerk; that he be authorized to record the name of the honourable Senator Grosart as having voted for the motion of the honourable Senator Flynn, to record the name of the honourable Senator Sparrow as having voted against the said motion, and to correct the number of Yeas and Nays accordingly.

I submit, honourable senators, that this course of action is justified in these circumstances.

Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

The Hon. the Speaker: Agreed, and it is so ordered.

Hon. J. Harper Prowse: Honourable senators, I rise on a point of privilege. I agree with the statement just made by His Honour the Speaker, but it should be made clear that this does not set a precedent that will allow a senator who is absent from the house at the time of a vote to enter later and say that he wishes to have his vote recorded.

The Hon. the Speaker: I am glad that the honourable Senator Prowse has raised this point, because Rule 50 is perfectly clear with respect to this. It provides as follows:

> A senator shall not vote on any question unless he is within the Bar of the Senate when the question is put.

After what took place yesterday and the question of privilege raised at that time I investigated this morning with the officers, and found there was definitely a misunderstanding. The doors were locked while the bell was ringing. I did not include this in my statement, but we have already made the necessary arrangements to ensure that a similar situation will not occur again.

• (1410)

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of a Report by the Minister of Manpower and Immigration on the results of training adults under the Canada Manpower Training Program for the period January to December 1970.

Report of the Postmaster General for the fiscal year ended March 31, 1971, pursuant to section 80(2) of the Post Office Act, chapter P-14, R.S.C., 1970.

SCIENCE POLICY

REPORT OF COMMITTEE ADOPTED

Hon. Donald Cameron, Vice-Chairman of the Special Committee of the Senate on Science Policy presented the following report of the committee:

> On December 17, 1970, the honourable Senator Maurice Lamontagne, Chairman, tabled Volume I of the report of the said committee, prepared pursuant to the committee's terms of reference and entitled *A Science Policy for Canada—A Critical Review: Past and Present*, together with a summary thereof.
>
> Volume II of the report is now in the hands of the printer and your committee asks leave of the Senate to publish and distribute the said Volume II as soon as it becomes available, even though the Senate may not then be sitting.

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. Cameron: With leave, now.

The Hon. the Speaker: Would the honourable senator indicate the seconder of his motion?

Hon. Mr. Cameron: Senator O'Leary.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Phillips: Honourable senators, I am confused as to why Volume II of the report of the Special Senate Committee on Science Policy should be submitted at a time when the Senate is not in session. I appreciate that there is a certain desire for this report within the scientific community, but yesterday the majority of the Senate indicated by vote that they would rather be in session than adjourn until January 10. I see no valid reason for the request now before the house.

Hon. Mr. Cameron: Honourable senators, I propose giving an explanation which I hope meets with the approval of my colleagues. At one time the committee thought it might be possible to complete its work with the publication of Volume II, but because of the massive amount of material which had to be considered, digested and put in coherent form it decided to confine the subject

matter of Volume II to Targets and Strategies for the Seventies.

The report deals with the need for a new emphasis on the encouragement of research, development, and innovation in Canadian industry. It almost suggests, in effect, the need for a new economic policy for Canada.

Your committee had hoped it would be possible to have Volume II of the report printed and ready for distribution before the Senate adjourned for Christmas. However, because of the backlog of work in the Translations Bureau it will not be possible to have the printed report ready until sometime in early January.

I regret the absence of Senator Lamontagne, the Chairman of the Special Senate Committee on Science Policy. He has been under a terrific strain for some considerable period of time, and has been ordered by his doctor to take a rest. At the present time he is out of the country, and I undertook to present this report on his behalf, and on behalf of the entire committee who discussed and approved the report.

Volume II of the report will be followed by a third volume which will contain the recommendations governing organizational changes and the establishment of new institutions in the hope of solving the many national problems which will confront us in the seventies and early eighties.

While Volume II emphasizes the need for more research, development and innovation in Canadian industry, the third volume will be concerned mainly with the area of social innovation, a subject which has been greatly neglected in Canada up to the present time.

As the Senate may not be sitting when Volume II is ready for distribution, and because of the importance of its recommendations, your committee asks permission to publish and distribute it as soon as it becomes available. The report would then be tabled in the normal fashion whenever the Senate reconvenes in the new year. The report will have been distributed in the meantime, and honourable senators will have an opportunity of considering it before it is tabled in the Senate.

Hon. Mr. Macdonald: Honourable senators, I wonder if Senator Cameron could say, since he has indicated the report will be ready around January 15 next year, when he anticipates the Senate will reconvene.

Hon. Mr. Cameron: I am sorry, Senator Macdonald, I cannot answer that question.

Hon. Mr. Martin: I can only regard that question put to Senator Cameron as one that Senator Macdonald, for one reason or another, did not wish to put directly to the Leader of the Government.

I rise not only to answer the question which was put vicariously, but also to acknowledge the fact that Senator Cameron spoke to me privately of his intention to ask leave to have this report printed and distributed even though the Senate may not be sitting. I told him at that time that the general practice in Parliament is that reports of parliamentary committees are tabled in Parliament prior to their publication. However, there are precedents for the course Senator Cameron is proposing. I am not opposing that request, except to say that in normal circumstances I would hope we would regard Parliament as the place where parliamentary reports should first be presented. Senator Cameron has indicated that the report will be tabled in the Senate shortly after publication, and I presume there will be a statement on behalf of the committee when the report is tabled, at which time it will be open to the Senate to debate it.

We shall certainly welcome this report because it results from an important study made by the committee. It could be that we shall not be sitting when it is ready, but that depends on Senator Macdonald and some others.

Hon. Mr. Macdonald: Thank you.

Hon. Mr. Martin: It could be that we shall not be sitting during most of January, but it all depends on the disposition made of other matters.

Hon. Mr. Cameron: Honourable senators, I should add a further word of explanation. I spoke with Senator Flynn as a matter of courtesy and he told me he would have no objection to my request, and, as I have already indicated, it was unanimously agreed to by the full committee. Senator Martin has already indicated, there are precedents for my request.

I might also say that I understand the report will be printed before January 15, and it contains some 42 recommendations, some of which will be of a quite controversial nature. We are somewhat concerned about protecting the security of 3,000 or 4,000 copies of this volume. This is another reason why we would like to have it released. We also felt it would be very useful to have some discussion of the report in the interval between its publication and the date on which it is tabled in the Senate. At that time there will be opportunity for full discussion in the usual way.

• (1420)

I hope this request will meet with your favour.

Hon. Mr. Macdonald: Honourable senators, I do not think there will be any objection to following the course of procedure that has been outlined, especially since I appreciate the difficulty Senator Cameron mentioned of maintaining security. There might very possibly be a leak if copies of the report are held. Consequently, we have no objection to following the course he has outlined.

Hon. Mr. Phillips: Honourable senators, I suggest to Senator Cameron that there is an alternative method open to him. He can give it to the cabinet, who will arrange to have all the leaks and publicity wished for before it is discussed in this chamber.

Hon. Mr. Cameron: I leave that to you.

Hon. Mr. Martin: I am glad Senator Phillips has not lost his sense of humour.

Report adopted.

BANKING, TRADE AND COMMERCE

Hon. Leopold Langlois: Honourable senators, yesterday I gave the following notice of motion:

> That the names of the honourable Senators Buckwold, Goldenberg, Lafond and McElman be substituted for those of the honourable Senators Carter, Croll,

Macnaughton and Smith on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

With leave of the Senate I now move, seconded by the honourable Senator Bourget, that the notice of motion standing in my name be amended by adding thereto the following:

and that the names of the honourable Senators Bourget and Langlois be added to the list of senators serving on the said committee.

Honourable senators, when I gave this notice yesterday I inadvertently failed to add two names to fill existing vacancies on the committee. As honourable senators will realize, it is most important that at this stage, when the committee is about to embark on a very important task, it be at full strength on both sides.

I understand that my good friend the Whip of the Opposition (Hon. Mr. Macdonald) will move for some changes in the committee, and I am very pleased to recommend to this side of the house that he be given leave to do so today.

Hon. Mr. Choquette: In case there is a vote, I hope you know how they are going to vote.

Hon. Mr. Langlois: Perhaps I ought to have checked.

Hon. Mr. Grosart: It is as good an excuse as any.

Motion to amend motion agreed to.

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald moved, with leave of the Senate and notwithstanding Rule 45(1)(h):

That the names of the honourable Senators Bélisle, O'Leary, Phillips and Quart be substituted for those of the honourable Senators Blois, Haig, Welch and White on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

ADJOURNMENT

Hon. Leopold Langlois moved that when the Senate adjourns today it do stand adjourned until tomorrow, Saturday, December 18, 1971 at 11 o'clock in the forenoon.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

ADDITION TO COMMITTEE MEMBERSHIP

Leave having been given to revert to Notices of Motion:

Hon. Leopold Langlois moved, with leave that the names of the honourable Senator Buckwold and Senator Williams be added to the Legal and Constitutional Affairs Committee.

Motion agreed to.

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Leopold Langlois moved that the names of the honourable Senators Buckwold, Goldenberg, Lafond and McElman be substituted for those of the honourable Senators Carter, Croll, Macnaughton and Smith on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce, and that the names of Senators Bourget and Langlois be added thereto.

Motion agreed to.

• (1430)

COMMONWEALTH AFFAIRS

SANCTIONS AGAINST RHODESIA—QUESTION

Hon. M. Grattan O'Leary: In view of the settlement reached between the Government of the United Kingdom and the Government of Rhodesia, I should like to ask the Leader of the Government in the Senate whether Canada is continuing to exercise sanctions against Rhodesia. If not, is our policy in that respect to be determined by the Government of the United Kingdom or by the Security Council of the United Nations?

Hon. Paul Martin: Of course the government of the United Kingdom does not determine the policy of Canada.

Hon. Mr. O'Leary: Let us wait and see.

Hon. Mr. Martin: Canada, as a member of the United Nations is, of course, bound by and has accepted the obligation imposed on it by the Security Council. That obligation is respected not only by Canada but by Britain herself. I am not aware that there has been any agreement reached on the substance of the proposals for an agreement between the two countries concerned. There has to be a referendum in Rhodesia. Until the agreement has taken place on the proposals, it is not open to the United Nations or to Canada to take any action.

Hon. Mr. O'Leary: Why not?

Hon. Mr. Martin: We have indicated that we regard the proposals as short of what we think is desirable. However, we have said that we will respect an agreement between the United Kingdom and Rhodesia. But there is no agreement on the substance of the proposals. There are simply proposals for an agreement depending on certain conditions in both countries that have not yet been met.

Hon. Mr. Flynn: May I ask in what respect Canada has agreed to accept the agreement?

Hon. Mr. Martin: If the two parties agree to the proposals then, of course, all the nations, even though they may regard the proposals as short of what is desirable, will be bound by the agreement which has been reached.

Hon. Mr. Flynn: Will be bound?

Hon. Mr. Martin: They will be bound in the sense that these two countries determine their own course.

Hon. Mr. Flynn: You mean you will not intervene, but what will you do?

Hon. Mr. Grosart: The Leader of the Government used the phrase "bound by" in connection with the Security Council resolution in regard to Rhodesia.

Hon. Mr. Martin: Yes.

Hon. Mr. Grosart: Can the chamber take it from that that the Government of Canada regards itself as always

and invariably bound by resolutions of the Security Council?

Hon. Mr. O'Leary: Hear, hear.

Hon. Mr. Martin: I would think that as long as Canada is a member of the United Nations its commitment to the Charter means it must accept the obligations under the Charter of the Security Council. I do not think there is any question about that at all.

Hon. Mr. Grosart: Excuse me, but, if I may say so, the Leader of the Government did not fully answer my question.

Hon. Mr. Martin: I think I did.

Hon. Mr. Grosart: I asked if the inference that can be taken from his original statement is that Canada is in all circumstances bound by resolutions of the Security Council. In his reply the Leader of the Government said that Canada would "accept" its responsibility, which is quite a different thing. I am asking him if he will now reaffirm that it is Government policy that the Government of Canada regards itself bound, both as to international and domestic matters, by resolutions of the Security Council.

Hon. Mr. Martin: I have answered yes.

Hon. Mr. O'Leary: May I ask a supplementary question? In view of the sanctions, does the Leader of the Government know how much chrome was imported into this country last year, and where it came from?

Hon. Mr. Martin: I shall find out for you. I do not have information now as to how much chrome was imported.

Hon. Mr. O'Leary: I think the Leader of the Government should find out. I think the chrome came from Rhodesia via Russia.

Hon. Mr. Martin: My friend says, "I think". In any event I shall find out. I hope my honourable friend is not suggesting that Canada is not carrying out the obligations imposed on it by the resolution of the Security Council.

Hon. Mr. O'Leary: I am speaking of buying chrome from Rhodesia. The very fact that it came to us via Russia means that we are not carrying out the obligations imposed upon us.

Hon. Mr. Martin: Senator O'Leary is not usually as excited as he now obviously is.

Hon. Mr. O'Leary: I am not cold about anything. I take sides, and I do not cover up the sides I take by a lot of verbiage.

Hon. Mr. Martin: Senator O'Leary is making these accusations sitting down, and I suppose for that reason I should give them the respect they deserve.

Hon. Mr. O'Leary: I am speaking to the fact that while maintaining sanctions against Rhodesia we are still buying Rhodesian chrome via Russia.

Hon. Mr. Martin: Do you mean that as an accusation?

Hon. Mr. O'Leary: I have asked if it is a fact.

Hon. Mr. Forsey: May I ask the Leader of the Government a couple of supplementary questions? First of all, was he entirely correct, or was it merely a slip of the tongue, when he said that the proposals for the agreement between the Government of the United Kingdom and the Government of Rhodesia contained a provision for a referendum in Rhodesia?

Hon. Mr. Martin: That is right.

Hon. Mr. Forsey: With great respect, I venture to state that judging from what I have read about this in the press, and particularly in the English press, there is nothing whatsoever about a referendum. There is to be a commission appointed, presided over by Lord Pearce, which is to travel around the country and collect opinions. In fact one of the objections taken to these proposals is that they do not provide for anything resembling a referendum. I should like to know if the Leader of the Government is perfectly positive that a referendum is provided for, since this could mean quite a difference in some attitudes, particularly perhaps in that of the Government of Canada, in certain instances.

The other supplementary question I want to ask is this: If the Government of Canada is bound by the resolution of the Security Council of the United Nations providing for sanctions against Rhodesia, can Canada at the same time be bound by a bilateral decision of the Government of the United Kingdom and the illegal, soi-disant, rebel Government of Rhodesia that sanctions should disappear?

I should have thought that for the sanctions to be lifted, and for the obligations of Canada under the Security Council's resolution to be lifted, and for Canada to be relieved of its duties under that resolution, it would be necessary for the Security Council to take some other decision. I do not see how the Government of Canada can be bound by conflicting decisions by two governments—one of them being a rebel government—and at the same time by a contrary resolution of the Security Council of the United Nations.

I should like the Leader of the Government to clarify the situation. I may merely be showing, as Senator Flynn said yesterday, that I know very little about the procedures of this place, and I may be jumping to a wrong conclusion.

Hon. Mr. Martin: I should like to say that any obligations imposed by the Security Council can only be disposed of by an action of the Security Council. The sanctions flowed from the actions of a recalcitrant government in Rhodesia. Since that time the Government of Rhodesia and the Government of the United Kingdom have agreed on certain proposals subject to certain conditions. One of those conditions is the acceptance of them by the people of Rhodesia. I am not sure that I am wrong, but I might possibly be wrong in my use of the word "referendum".

• (1440)

The condition I had in mind was the acceptance of the policy of the Government of Rhodesia, in this instance, by the people of Rhodesia, its Parliament, and likewise the Parliament of the United Kingdom. If these conditions are met—that is Britain as the colonial power agreeing, along with the Government of Rhodesia—then the United Nations will be faced with the fact that the complaint registered against Rhodesia in the first instance by the United Kingdom no longer applies. I am sure that Britain would move formally in such a situation. The United

Nations could no longer impose sanctions because, in the first instance, they imposed sanctions as a result of a complaint put forward by the Government of the United Kingdom. This will be taken care of if there is agreement and the necessary conditions are fulfilled.

Hon. Mr. Flynn: There is still the question: If Britain withdrew its complaint, would Canada lodge its own complaint if it is not satisfied with the agreement?

Hon. Mr. Martin: No, I have indicated we would accept the agreement between the two countries as I am sure it would be accepted by all other nations.

Hon. Mr. Flynn: Even if it falls short of Canada's position on the matter?

Hon. Mr. Martin: Yes, it does fall short, as the Secretary of State for External Affairs, Mr. Sharp, indicated the other day.

Hon. Mr. Flynn: Does that mean you would not make a new complaint?

TAX REFORM

CONSIDERATION OF FINAL REPORT ON BANKING, TRADE AND COMMERCE COMMITTEE ON TAX REFORM LEGISLATION—DEBATE CONCLUDED

On the order:

> Resuming the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971.—(Honourable Senator Martin, P.C.).

Hon. Mr. Martin: Stand.

Hon. Mr. Flynn: I would suggest that the item be disposed of since Bill C-259 itself will reach us later today.

Hon. Mr. Langlois: Senator Paterson has indicated he wishes to speak on the matter.

The Hon. the Speaker: Then may I suggest that Order No. 1 be called later this day?

Hon. Mr. Flynn: I feel it would be proper to remove this item from the Order Paper, otherwise we will have duplication when the bill is before us.

Hon. Mr. Martin: It can be called later this day.

Order No. 2 having been called:

Hon. Mr. Grosart: Honourable senators, I hope the Senate will not mind if I call attention to the fact that Senator Langlois asked to have Order No. 1 stand until later this day. That was the end of the matter, and we proceeded to the next item.

The Hon. the Speaker: Honourable senators, is it agreed that we revert to Order No. 1 at this time?

Hon. Mr. Langlois: Yes. I understand that Senator Grosart wishes to refer to Order No. 1, and there is no objection at all to that.

Hon. Mr. Grosart: If I heard correctly, when Senator Langlois asked that it stand until later in the day it was regarded as having been passed with leave. I raise this matter because of what occurred yesterday when Senator Martin very generously asked to have my vote recorded because of my enforced absence from the chamber when the vote was taken. I was informed later that because Your Honour did not put the matter before the house my vote could not then be recorded. I suggest this clearly indicates that we should follow our Rules and not penalize others when this is not done. I raise the matter at this time because, in this instance, Your Honour did not put before the house Senator Langlois's question regarding suspending the Rule so that we could consider this order later this day. I have no objection to the motion, but I object to the fact that I was penalized yesterday because Your Honour did not put the motion as suggested by Senator Martin. I am afraid it will happen again. I merely make the plea that when a motion is before this house it should be recorded so we do not repeat what occurred yesterday. I do not object to the shortened procedure, and I do not object to the phrase "with leave" regarding the suspending of the Rule.

The Hon. the Speaker: I do not know whether Senator Grosart was present at the opening of today's proceedings when I spoke on this matter, but I thought I had disposed of it then. As I recall, there was no firm motion put yesterday, although there was an agreement. I read a statement at the beginning of our sitting today and asked that the vote be recorded in our *Minutes of Proceedings*, and this was agreed to. This morning I made an investigation of what happened yesterday and I ascertained that the doors in the rear of the chamber behind the Speaker's Chair were closed while the division bell was still ringing. There is no question about this, and I thought I had disposed of the matter at the commencement of today's proceedings when I read my statement. I do not know whether Senator Grosart was present then.

Hon. Mr. Grosart: I was not present, but Your Honour's generous action was communicated to me after I came into the chamber and I would like to thank Your Honour and all honourable senators for the action taken. I believe it has rectified the situation and I appreciate it. I have drawn attention to what just happened because I feel it parallels the situation that occurred yesterday when the motion was not put in the form of a question and it was not recorded in *Hansard*. I am afraid this has happened on several occasions in the past, and it may occur in the future unless the house is careful that our Rules are followed so that motions may be recorded in the *Debates of the Senate*.

The Hon. the Speaker: I understand we are still dealing with Order No. 1. Will the Clerk Assistant please read Order No. 1?

• (1450)

The Clerk Assistant (*Reading*):

> Resuming the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971.—(Honourable Senator Martin, P.C.)

Hon. Mr. Langlois: Honourable senators, I have just noticed that the honourable Senator Paterson is now in

the chamber. If he wishes to speak at this stage, I think it would be agreeable to honourable senators.

Hon. Norman McL. Paterson: Honourable senators, I did not speak yesterday because I felt humble when listening to the magnificent speeches being made. I thought my message would be rather poor and I decided to let the good speakers carry on. It takes a good deal of courage to rise in this chamber, and it takes twice as much courage when what you are going to say will not be popular with your leader.

Hon. Mr. Martin: You will still be my good friend.

Hon. Mr. Paterson: Thank you. I did want to express my disapproval of what has been happening over the years. Senator Salter Hayden and I are senior in service in the Senate. Each year for thirty-one years we have listened to complaints about the late arrival of appropriation bills in this chamber. It was always a case of, "Hurry, hurry, it doesn't matter if you look at the figures." Well, it seems that we have reached the climax when we are asked to pass this important bill without having an opportunity to make amendments to it, to see our committee's recommendations put into effect.

I happen to have been in the office when Senator Hayden was working on the recommendations. I know the immense amount of labour he put in. But the way things shape up now, his labour and all those good amendments—and he told me there were both good and bad things in the bill—will go out the window. I will always feel badly that this Senate will not have a chance to introduce its amendments. However, it may be better otherwise.

I would like to call the attention of the Senate to the meaning of a promise. I do not think promises mean much—in politics, in love and in war. I sat in this chamber a short time ago when we debated the repeal of capital punishment. We finally let the bill go through provided that it did not apply to murderers of policemen or prison guards. Since then fourteen policemen have been murdered but not once has capital punishment been carried out. Not once.

I am not bloodthirsty, but I do like to see a contract carried out. However, that is another matter and I suppose we have to forget it. I just want to say that I dislike reading in the newspapers what a poor, lousy outfit we are. It is too bad that we have to put up with that. I will not say any more.

Hon. Mr. Langlois: Honourable senators, I wish to make a few remarks with respect to those just made by honourable Senator Paterson.

Hon. Mr. Flynn: Why?

Hon. Mr. Langlois: Senator Paterson has just mentioned that all the work of our committee would be thrown out the window. With due respect, I wish to remind this house that some forty amendments suggested by our committee have already been accepted and implemented in the proposed legislation. This was pointed out to the Standing Senate Committee on Banking, Trade and Commerce on Monday by the Minister of Finance and was repeated yesterday in the House of Commons by the Prime Minister himself.

As to the honourable senator's remarks concerning the alleged promise made by the Minister of Finance, which Senator Paterson compared to promises made in love and in war, I wish to say that it was more than such a promise that was made to the Senate Banking Committee on Monday by the minister. It was a definite commitment by a senior minister of the Crown to the effect that an amending bill would be brought forward with due dispatch in the next session to take into consideration the remaining suggested amendments of the Senate. He made it quite clear that he was not giving a commitment that all the suggested amendments would be accepted and implemented. He made the commitment that they would be considered and, if acceptable, incorporated in the amending bill.

Hon. Mr. Flynn: That is not a commitment!

Hon. Mr. Langlois: I know that my honourable friend, and his friends, attempted to pin the minister down to a definite commitment as to the date of introduction of the amending bill. However, the minister stated this would be done, as I just said, with due dispatch. He even referred to the month of February or April. I recall that even Senator Beaubien mentioned then that that was all he wanted. He said he would be satisfied with that. That is why one can hardly understand the position taken today by my friends on the other side of this chamber.

Hon. Mr. Flynn: Well, we can understand that you do not.

Hon. Mr. O'Leary: And the public will.

Hon. Mr. Martin: Let us not lose our tempers.

Hon. Mr. Flynn: Yes, but let us not use this device. We have heard an excellent speech and a very servile answer by the Deputy Government Leader.

Hon. Mr. Langlois: What is wrong with this?

Hon. Mr. Flynn: It is a servile answer.

Hon. Mr. Langlois: I suppose you claim to be the only one who has a right to speak in this chamber?

Hon. Mr. Flynn: You have a right to speak, but I am objecting to the manner in which you did it with respect to Senator Paterson. I am disgusted!

The Hon. the Speaker: This item is now considered as having been debated.

INTERNATIONAL AGREEMENTS

INTERNATIONAL WHEAT AGREEMENT—INTELSAT AGREEMENT

Hon. Paul Martin: Honourable senators, yesterday I tabled a number of international engagements. Pursuant to the practice which we established a little less than two years ago, I now wish to comment on a number of these agreements, the first of which is the International Wheat Agreement, which comprises the Wheat Trade Convention and the Food Aid Convention. The Leader of the Opposition and I discussed this arrangement, and he is aware that I intended to speak on these agreements. I believe he intends to participate.

The International Wheat Agreement was signed on behalf of Canada by our ambassador in Washington on May 3 of this year, and the Canadian instrument of ratification was deposited on June 10. The agreement entered fully into force on July 1, replacing the 1967 International Grains Agreement which had expired the previous day, and will remain in force until June 30, 1974.

• (1500)

Senator McNamara is fully aware of this, and I add not for his benefit, but for my own and perhaps that of some of my colleagues, that the Wheat Agreement consists of a Wheat Trade Convention and a Food Aid Convention linked by a common preamble. These two conventions are the result of negotiations at the United Nations Wheat Conference which was held in Geneva from January 18 to February 20 this year.

The conference was attended by 13 wheat exporting and 48 wheat importing countries. The objectives of the Wheat Trade Convention are to further international co-operation in connection with world wheat problems, to promote the expansion of international trade in wheat and wheat flour, and to secure the freest possible flow of this trade in the interests of both exporting and importing members, and thus contribute to the development of the countries concerned, the economies of which depend on commercial sales of wheat such as our own; to contribute to the fullest possible extent to the stability of the international wheat market, in the interests of both importing and exporting members; and to provide a framework, in conformity with Article 21 of the present Convention, for the negotiation of provisions relating to the prices of wheat, and the rights and obligations of members in respect of international trade in wheat.

It was not possible, in drawing up the Wheat Trade Convention, to include provisions regarding price levels or the rights and obligations for importers and exporters concerning wheat purchases or supplies. The convention does, however, provide for consultation in the event of actual or threatened market instability, including price fluctuations.

Provision was also included for the International Wheat Council to examine the question of price and related rights and obligations, and when it is judged that these matters are capable of successful negotiation, with the objective of bringing them into effect within the life of the convention, the council is to request the Secretary-General of UNCTAD, the United Nations trade co-operation administration, to convene a conference for this purpose.

Canada would welcome such a conference. We have, in fact, expressed our support in the International Wheat Council for the opening of discussions on wheat pricing provisions.

The convention establishes an advisory subcommittee on market conditions which will provide for continuing consultations between members on global wheat market conditions, and will report on situations from which market instability has arisen or may arise. Mr. Sharp has indicated that we will participate fully in the work of this subcommittee, as I believe has Mr. Lang, the minister in charge of wheat for the Government of Canada.

[Hon. Mr. Martin.]

The Wheat Council will also continue to maintain records on all aspects of international wheat transactions and will annually review the world wheat situation and inform members of any factors emerging from this review in order that members may be aware of these in establishing their agricultural and pricing policies.

Given the importance of wheat in our economy, the provisions of the Wheat Trade Convention are of special importance to Canada for the measures which are aimed at preserving a stable and healthy international wheat market.

The provisions of the convention have been adopted by all the major wheat exporting and importing countries, including the U.S.S.R. which had not participated, as Senator McNamara will know, in the 1967 Grains Agreement.

With regard to the Food Aid Convention, the objective of this instrument is to carry out a food aid program with the help of contributions for the benefit of developing countries. Under the terms of the convention, all the parties have agreed to contribute to food aid to the developing countries in the form of wheat, coarse grains or edible derivatives, or the cash equivalent at least up to specified annual minima. With the exception of the Soviet Union, the signatories to the convention include all the major international grain producers, as well as Finland, Japan, Sweden and Switzerland.

Our annual commitment is 495,000 metric tons. Contributions under the convention may be made on either multilateral or bilateral basis. The Food Aid Committee will administer this convention. It will receive regular reports from member countries. It will review grain purchases financed by cash contributions, particularly with respect to the convention's requirement that at least 35 per cent of such a contribution, or that portion necessary to purchase 200,000 metric tons of grain, be used for purchases from developing member countries of the convention.

It will examine the way in which the obligations under the Food Aid Program have been fulfilled. It will exchange information on a regular basis on the functioning of the food aid arrangements, particularly in relation to their effects on food production in the receiving countries.

This convention is important for the contribution that it makes towards assisting the developing countries by providing for an equitable and orderly Food Aid Program by the major international grain-producing countries.

In summary, therefore, the International Wheat Agreement, which is made up of these two conventions on wheat trade and food aid, is a key element in the promotion of international co-operation in the grain trade. We heartily support such co-operation, and the Government looks forward to further strengthening of the arrangement in the future.

The Leader of the Opposition has been called out on business. I know that he intended to comment on this matter. If any honourable member wishes to comment, I will take my seat. If not, I shall proceed and report on the agreement respecting INTELSAT.

Hon. Mr. Choquette: I have only your notes, which I have not yet had the pleasure or opportunity of reading.

Hon. Mr. Martin: In that case, I shall proceed with the other agreement.

Hon. Mr. Choquette: Yes.

Hon. Allister Grosart: Perhaps I might ask the Leader of the Government a question. I regret that I was called out of the chamber just as he began. I am not clear on the purpose of bringing this convention to the attention of the Senate. I believe the Leader of the Government said he was reporting to the Senate on the convention. Would he inform the house what is the status of the convention with respect to any obligation it might impose on Canada, whether any further action by Parliament is necessary to impose the obligation on Canada, and whether the Government, under what I am sure he would call the prerogative of the Crown, has full authority to conclude such a convention, to obligate Canada to expenditures without the sanction of Parliament?

• (1510)

Hon. Mr. Martin: Honourable senators, this is not a new question involving a difference of view between Senator Grosart and myself. This constitutional issue has been raised at least four times by the honourable senator, and he is aware of my views.

It is, of course, within the prerogative of the executive to conclude all international agreements. The practice has been that certain of the major political arrangements are followed by acts of ratification and, in some instances, even the approbation of Parliament is received before the act of commitment takes place.

Such a treaty would be an agreement to involve the provision of forces at some time pursuant, let us say, to the United Nations or some Commonwealth commitment, but there is no requirement on the part of the Government to make a report. The foreign policy of the Government is always, of course, subject to approval by Parliament, and it is open to any honourable senator to say that an agreement which Canada has concluded is objectionable and not an acceptable arrangement in the judgment of Parliament, or one of its houses.

Two years ago we in this house agreed, whatever be the practice in the other place, that all agreements between Canada and other countries be tabled, and at some time, not necessarily at the time of tabling, an explanation of the commitment made by Canada would be given.

That is the situation as it now exists. My honourable friend takes the view that the Government should not make any commitment with any other government without the prior approval of Parliament. I think I have accurately stated his view. I do not agree with that view. That is not the view of constitutional authorities. It is not the practice that we have observed in this country, nor has it been the practice observed in Britain, or in other Commonwealth countries. In fact, I do not know of any country, except those countries where there is a constitutional requirement to do so—the United States, for example—where that is the practice.

Hon. Mr. Grosart: The Leader of the Government will perhaps not mind my saying that I recall his undertaking to discuss and report upon these treaties, conventions, agreements, or other undertakings, bilateral or multilateral, which the Government of Canada, on behalf of Canada presumably, enters into.

The Leader of the Government stated that I have raised this matter at least four times. That is true, except I do not think he noticed that on this occasion I went a little further than on other occasions. I asked the Leader of the Government specifically if, in his view, the Government has the right by convention to commit Canada to the expenditure of public funds.

I am quite sure he will have a good answer to that question, and I would like to hear it.

Hon. Mr. Martin: I did not answer that question; I apologize.

Of course, the Government cannot provide for the disbursement of funds without the approval of Parliament, but the Government of Canada can certainly make a commitment to a foreign power whereby it will undertake to carry out certain obligations. Such commitments may involve the expenditure of public funds, but only Parliament itself can make a decision which will permit the expenditure of public funds.

What will be the situation here if there is money involved, as there will be for the purposes of administration? At the appropriate time the Minister of Finance will ask for moneys to meet the obligations of this commitment. At that time Parliament can refuse. The Government would have to argue that in the exercise of its prerogative it has made a commitment, but in the end it will have to abide by the decision of Parliament with respect to the expenditure of public funds.

Hon. Mr. Grosart: That is exactly my point. It would appear that the Government of Canada can commit itself to another country in respect to certain expenditures, but there are other checks and balances which would require it to bring the question of the expenditure before Parliament. This could be done, obviously, in the Estimates or in supplementary Estimates, or in some other way.

The Government has other ways of expending money. For example, it could obtain the money from the Contingency Fund, and so forth, without consulting Parliament in advance. However, that is not my point. My point is that it seems strange that the Government should feel it is under constraint in the matter of expending money but not under any constrait in the matter of committing Canada to a policy which, in its implications for Canada as a whole, might be much more important than the expenditure of certain sums of moneys.

Perhaps the Leader of the Government could give some consideration to that anomaly in the situation.

Hon. Mr. Martin: I do not know if the Leader of the Opposition wishes to comment on this subject. I cannot add anything more to what I have already said.

Honourable senators, I should like now to refer to another document which I tabled yesterday. On August 20 of this year Canada signed in Washington two agreements respecting the International Telecommunications Satellite Organization known as INTELSAT.

The first agreement, an intergovernmental one, defines the permanent new structure of INTELSAT and lays down the basic principles by which countries wishing to be associated with the establishment and development of a world-wide commercial telecommunications satellite system are to abide.

The second agreement, which was signed by the President and General Manager of the Canadian Overseas Telecommunications Corporation, is an operating agreement setting out the terms by which the operating companies designated for that purpose by their respective governments undertake to share in the financing, management, and use of the INTELSAT system. The Canadian Overseas Telecommunications Corporation is the Canadian company designated for this purpose.

The signing of these two agreements was the culmination of more than seven years work. These agreements replace the original interim arrangements which were arrived at in 1964 by the organization's ten founding members, of which Canada was one.

The original International Telecommunications Satellite consortium which was established in 1964 had as its purpose to design and establish a single global commercial communications satellite system, pending the working out of definitive arrangements. These definitive arrangements took much longer to negotiate than had been anticipated. The main difficulty was that the majority of the 79 members of INTELSAT wished to ensure that the resulting organization had a truly international character and was not unduly weighted in favour of those nations providing the largest part of the financial and equipment involved.

The success of the negotiations is attested by the fact that of those 79 members attending the INTELSAT meetings, 73 approved the two agreements, and there were no recorded negative votes.

It is expected that the membership will continue to grow. At the present time, for instance, none of the eastern European nations, with the exception of Yugoslavia, are members. It is expected, however, that eventually this group of nations as well as others will seek membership.

• (1520)

The main objective of the new organization will continue to be the establishment of a single global satellite system providing an international public telecommunications service. The new organization will have its own juridical personality and will have four components which are an assembly of parties; an assembly of signatories; a board of governors of not more than 25 persons, made up of representatives of countries who have signed from the following: countries having the largest investment shares, groups of countries whose combined investment is among the largest, plus three to five members representing groups of countries chosen to give broad geographical representation; and finally, a director general, who will be responsible to the board of governors for the management of the system.

The Canadian Overseas Telecommunications Corporation is assured of continuation of its membership on the board of governors, because the forecasts for Canadian use of the satellite system place Canada among the five largest users in the world. The COTC has been using the Atlantic Ocean segment of the INTELSAT system since October, 1966. Through its two earth stations at Mill Village in Nova Scotia the corporation has established links with 19 countries in the Atlantic area. Further facilities are now being built at Lake Cowichan in British Columbia. These will become operational in 1972, and will provide direct links with countries on the Pacific rim.

Under the agreements, Canada's ability to develop, own, and operate its own domestic satellite communications system will be in no way circumscribed. Countries engaging in domestic satellite communications systems are required to inform INTELSAT of their plans to ensure technical capability and lack of interference with the INTELSAT system. The findings of the system will, however, be in the form of recommendations and will not be binding on its members. Canada would continue to ensure non-interference through the co-ordination process of the International Telecommunications Union.

These agreements which I tabled yesterday ensure the sound development of a global system of telecommunications which has already proved itself. The agreements represent a careful balance between the rights and responsibilities of the nations which have developed the technology and equipment required for the system, and which will provide the bulk of the investment funds, and those of the other nations of the world who will be mainly users of the system. I think it is a source of satisfaction for Canada that it has been able to play a constructive part in these difficult and protracted negotiations.

The Senate adjourned until the call of the bell.

At 4.50 p.m. the sitting was resumed.

INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: Honourable senators, I move that this bill be read a second time later this day.

Hon. Mr. Flynn: Why not now? Why should we waste an hour?

Hon. Mr. Martin: I agree with you, but we want to distribute copies of the bill. They are being distributed as quickly as possible.

Hon. Mr. Flynn: I was already prepared, and was rolling up my sleeves.

Hon. Mr. Choquette: We have our sleeves already rolled up.

Motion agreed to.

Hon. Mr. Martin: I move that the Senate do now adjourn until 8 o'clock this evening.

Hon. Mr. Cameron: Before that motion is put, I understand that there is a second edition of the bill being distributed to members of Parliament. I have received one copy.

Hon. Mr. Martin: That is so. That is a reason for adjourning until 8 o'clock.

Hon. Mr. Flynn: One of the reasons.

Hon. Mr. Benidickson: May I say a word on the same point? I read in the press that there was a second edition of the bill which was not available to the press but which had been available to members of Parliament. I did not receive a copy of that. Was it given to the members of the House of Commons, but not to us?

Hon. Mr. Martin: It is being distributed now.

Hon. Mr. Choquette: It is a very thick volume. Perhaps it was thrown away.

Hon. Mr. Flynn: I seriously doubt that we shall be able to read the bill in the time we have left before eight o'clock this evening. In any event, I thought the sponsor of the bill would tell us how to proceed with the reading of it, and underline its main provisions, to facilitate our job. I did not want to lose any time at all. I wanted to co-operate with the Leader of the Government, but when I offer him my co-operation he refuses it.

Hon. Mr. Martin: I am very grateful to my friend for his offer.

The Senate adjourned until the call of the bell at approximately 8 p.m.

At 8 p.m. the sitting was resumed.

PRIVILEGE

AVAILABILITY OF COPIES OF BILL C-259

Hon. Jacques Flynn: Honourable senators, I rise on a question of privilege before the motion for second reading is put. When we adjourned at 5 o'clock the honourable Leader of the Government explained that he wanted to adjourn until 8 o'clock because copies of the bill were being distributed as quickly as possible. It is now my understanding that copies were in the reading room for quite a while.

Therefore, I cannot understand why we did not proceed at 5 o'clock rather than at 8 o'clock, since it appears that the Government side of this house is in such a great hurry to proceed with this bill. I suggest we lost at least one hour because of the assumption that the bill was not ready when in fact it was ready. It seems to me to be a definite part of a scenario intended to give the impression of taking a great deal of time with this bill by wasting it in the way we have up to now.

Hon. Leopold Langlois: Honourable senators, as soon as the adjournment was agreed upon, I proceeded to the reading room to check on the possibility of having copies of the bill distributed. I found there a great number of packages in the process of being unwrapped. I was told at that time that it was not at all certain that there was a sufficient number of copies of the bill for distribution to all honourable senators. It was because we wanted to ensure that each honourable senator had a copy of the bill that it was moved that we adjourn and commence the debate on the second reading of the bill at 8 o'clock.

I assure my honourable friend, the Leader of the Opposition, that there is no question of its being a scenario. We are working in the best way possible and with all due despatch. I also assure him that no honourable senator will lose his right to speak for as long as he wishes on the bill.

Hon. Mr. Flynn: It is not a question of losing the right to speak. I happened to be in the reading room when the copies of the bill were brought in. This was an accident. I wanted to read some papers to see whether they were still interested in the Senate.

Hon. Mr. Langlois: No doubt it was an accident.

Hon. Mr. Flynn: I do not go to the reading room very often. I do not read every paper in the country, I can assure you. However, the bills were there at the time, and it would have been very easy to distribute them. From reading the *Debates of the Senate* it is obvious that the Leader of the Government was not ready to proceed, or he felt it would be better to wait until 8 o'clock this evening so we could waste an hour and appear to be taking more time than we really are in dealing with this bill.

The Hon. the Speaker: Does the Leader of the Government wish to move second reading of the bill?

Hon. Mr. Martin: Honourable senators—

Hon. Mr. Flynn: Are you moving second reading of the bill?

The Hon. the Speaker: I am inquiring of the Leader of the Government whether he is moving second reading of the bill.

Hon. Mr. Martin: Honourable senators, I rose to indicate to the house that I now wish to move second reading of this bill.

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Paul Martin moved the second reading of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act.

He said: Honourable senators, last June 30, prior to the summer adjournment of Parliament, first reading was given in the other place to Bill C-259 which is now before us. Twelve days prior to that, on June 18, the Minister of Finance in his budget tabled a ways and means motion. The motion was considerably fuller than normal to enable members of both Houses of Parliament and the public at large to get an immediate start on studying the measure.

The accounting and legal professions have been busy ever since reviewing the proposals. The draft legislation has been scanned by technical experts to determine its drafting adequacies, and to ensure that the intent of the bill was achieved in its detail clauses.

The Canadian Bar Association, the Canadian Institute of Chartered Accountants, and the Canadian Tax Foundation, each formed committees, submitted briefs to the Government, and met on a number of occasions with officials of the Department of Finance. A great many other organizations have submitted briefs, and have met with departmental officials or with the Banking, Trade and Commerce Committee of this house, and in some cases, with both. The intensive examination of the bill undertaken by the Banking, Trade and Commerce Committee of this house from the early autumn was due to the foresight of the committee chairman, Senator Hayden, and he deserves the commendation of the entire Senate and of the Canadian public for the excellent job that he and his committee have done.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: I should add that I regret, as I am sure we all do, that he has suffered an illness which has caused his medical advisers to give him advice which makes it necessary for him to take respite from his labours. I would also like to take advantage of this opportunity to express on behalf of the Senate our thanks to a former member of this house, the Honourable Lazarus Phillips, for the assistance he has given, not only in his work as a senator in the study of the White Paper, but in the advice he has given the Standing Senate Committee on Banking, Trade and Commerce as counsel during the past three and one-half months. He undertook to assist the work of that committee without remuneration. We are grateful to the Honourable Mr. Phillips not only for his work as a senator, but for the work he has performed gratuitously for our committee and for Canada.

The Minister of Finance discussed the tax reform proposals with representatives of the provincial governments. This was done both on a ministerial and on an official basis. The federal Government has been very anxious that its tax reform proposals would be as acceptable as possible to the provinces.

• (2010)

The Minister of Finance told the provinces that the federal Government was willing to continue to collect provincial income taxes providing the provinces harmonize their system with the federal system. The nine provinces which are in the present tax collection agreement have indicated they wish to renew.

Hon. Mr. Flynn: They had no choice—they had no choice.

Hon. Mr. Martin: The Minister of Finance undertook that the provinces would suffer no revenue loss from the federal tax reform. Initially he offered a revenue guarantee for a three-year period, but after some provinces expressed concern that this was too short a time, the period was extended to five years. Although income taxes are being reduced for most taxpayers, the provinces are not being forced to share the cost of these tax reductions. On the other hand, it was not the federal Government's intention to subsidize the provincial governments inadvertently through the tax reform process. Therefore, the federal Government stipulated that to obtain the revenue guarantee, provinces could only adjust their rates at the outset to come out with the same amount of revenue in the first year.

This attempt to be fair to the provinces brings me on to the broader question of the principles of tax equality. The Government considers that persons in similar circumstances should share similar tax burdens. The Government considers that those with lower incomes should pay a smaller share of their incomes in taxes. The Government considers that a law should apply equally to commercial and industrial enterprises that are equivalent to each other in the same way that similar individuals should be similarly taxed. This means closing up inadvertent loopholes. The Government considers that the tax system should be as objective and efficient as possible. Although the transitional stage may be somewhat complex, it is intended gradually to produce a stable tax system more like a rock garden than a tax jungle.

I would now like to speak a little about some of the more important provisions of the bill before us. As of last July 1, the 3 per cent surcharge on personal and corporate incomes was abolished. This was announced last June. In a subsequent announcement on October 14, the Minister of Finance proposed that effective July 1, 1971 until the end of 1972, the tax paid by Canadian corporations would be reduced by 7 per cent. Combined with the elimination of the 3 per cent surtax, the effective reduction of corporation taxes as from last July 1 has been 10 per cent. Since individuals provide two-thirds of the national income, and therefore represent the base of spending power in the economy of the country, the Government proposed as well on October 14 that federal tax payable by persons be reduced by 3 per cent during the period July 1, 1971 to December 31, 1972.

As of July 1, 1971, the lowest rates of federal tax were changed to eliminate taxpayers with taxable income under $500. This removed three-quarters of a million Canadians from the tax rolls. The Guaranteed Income Supplement for persons 65 years of age and more was exempted from tax, retroactive to January 1, 1971.

The most far-reaching tax relief provided in the tax reform proposals is in the increase in the personal exemptions. These are being changed from $1,000 for single taxpayers to $1,500, and from $2,000 for married taxpayers to $2,850, effective January 1. This was intended to go beyond the recommendations of the report of the Standing Senate Committee on Banking, Trade and Commerce on the White Paper Proposals for Tax Reform. In that report of September 1970, senators had proposed for single taxpayers a basic exemption of $1,500 if taxpayer's income did not exceed $3,000. For married taxpayers, the committee had proposed $2,800, if the taxpayer's income did not exceed $8,500.

The $500 extra exemption for persons 70 years and over is intended to be increased to $650, and extended to all persons over 65. When combined with the removal of the Guaranteed Income Supplement from taxable income, the effect is that all single taxpayers 65 years old will be exempt on $2,250 of income.

There is a new employment expense allowance allowing deductions up to $150 a year which applies to the 85 per cent of Canadian taxpayers who are wage earners. A child care expense deduction of $500 per child, and up to $2,000 per family, is introduced. Broader deductions are authorized for expenses entailed in moving to new jobs. It is intended to make unemployment insurance premiums deductible, though the benefits will be made taxable.

Payments made to handicapped care centres, and to institutions for the disabled, will henceforth be deductible. Although medical expenses paid by medicare plans will cease to be tax deductible, premiums will be deductible if they are paid to a non-government hospital or medical plan. Donations to registered national athletic associations are henceforth to be deductible. The charitable donation limit is increased from 10 per cent to 20 per cent of a taxpayer's income.

Income averaging through two new methods is provided in the legislation. A savings encouragement and post-retirement provision raises the limit on deductions for contributions to pension plans, deferred profit-sharing plans, and to registered retirement savings plans.

The effect of this legislation would be to remove one million taxpayers from the tax rolls next year.

Hon. Mr. Flynn: Are you sure of that?

Hon. Mr. Martin: In addition, some 4.7 million taxpayers will find their taxes reduced.

Changes are undertaken in the definition of income, the most important being the creation of a capital gains tax.

Hon. Mr. Choquette: Santa Claus.

Hon. Mr. Martin: Half of the capital gain is intended to be taxed at the taxpayer's personal rates, while half of any capital losses that are experienced is intended to be deductible. Accrued capital gains are intended to be taxed at death. The capital gains tax is also applicable to all corporations in Canada and in certain instances to non-residents. In the process, a significant source of revenue will be made available in the public domain.

• (2020)

Hon. Mr. Flynn: Where did you get that figure of 1,250,000 people who would be exempted from paying tax?

Hon. Mr. Martin: The figure of one million was stated by the Minister of Finance. That is the basis of my statement.

Hon. Mr. Flynn: It is far from the 750,000 suggested in the report of the committee as of September 1970.

Hon. Mr. Martin: My friend can make that argument if he wishes, but the statement stands. If he wishes to controvert the statement that is his privilege.

Hon. Mr. Grosart: He is asking you a question.

Hon. Mr. Martin: The bill proposes that a taxpayer's home and the acre of land on which it stands be exempt from the capital gains tax. Personal property is to be exempt unless the selling price exceeds $1,000. Our committee recommended that a lifetime exemption of $50,000 be granted for the principal residence.

To help corporations and their shareholders, the Government has proposed that the general tax rate be 50 per cent in 1972 on corporations, and, thereafter, the rate will drop by one per cent a year until it reaches 46 per cent in 1976.

To help develop smaller Canadian-controlled private corporations, it is proposed that the tax rate be 25 per cent on the first $50,000 of business income.

It will be recalled that the committee report of September 1970 proposed that the present low rate of 21 per cent on the first $35,000 of the income of small business corporations be retained. This was against the White Paper proposal that all corporations pay tax at the rate of 50 per cent. One can see that in this instance the Senate report has had some influence. This is combined with a reformed dividend tax credit increased to 33 1/3 per cent, and included in income. This makes the credit of greater value to lower income shareholders.

It is proposed to assist the mining and petroleum industries with substantial incentives, although with incentives more efficient and less costly than those presently in operation. Automatic percentage of depletion will continue until 1976, at which time it will be replaced by a basis of earned depletion. A fast write-off provision will replace the present 3 per cent tax exemption for new mines, which will be withdrawn. In 1977 the federal tax on mining profits will be reduced to 25 per cent from 40 per cent, making allowance for the provincial mining taxes.

Hon. Mr. Flynn: You will not be here.

Hon. Mr. Martin: There are important changes which affect business and property income. These include a section which makes deductible interest paid by Canadian corporations on money borrowed to buy shares in other corporations.

Business and entertainment expenses are going to be tightened up. Professionals in fields such as medicine and law found the White Paper's proposals somewhat restrictive, but the provisions provided in the bill are similar to those recommended by our committee.

Hon. Mr. Flynn: I entirely disagree with that.

Hon. Mr. Martin: Well, my honourable friend—

Hon. Mr. Flynn: You make affirmations as if you were speaking as God.

For God's sake, be realistic. Do not read what you have been handed by the Department of Finance.

Hon. Mr. Martin: My friend is unusually perturbed tonight.

Hon. Mr. Flynn: Every time you deliver that type of speech I get perturbed.

Hon. Mr. Martin: The honourable senator will have an opportunity to controvert anything I have said.

Hon. Mr. Flynn: That is untrue.

Hon. Mr. Martin: My honourable friend knows better than that. I would ask him to withdraw that statement.

Hon. Mr. Flynn: No, I will not withdraw it. It is untrue.

Hon. Mr. Martin: My honourable friend is normally imperturbable outside of this chamber. I would ask him to maintain normal composure.

The Hon. the Speaker: Order, please. There was an expression used, and I think that the word "untrue" was

directly related to a figure mentioned by the honourable senator who has the floor. Under the circumstances, I do not think this is to be considered as unparliamentary; this is a matter of argument. I now give the floor to the Leader of the Government and I would hope he may proceed without too many interruptions.

Hon. Mr. Martin: As I was saying, before my honourable friend was seeking to help me, business and entertainment expenses are going to be tightened up. Professionals in fields such as medicine and law found the White Paper's proposals somewhat restrictive, but the provisions provided in the bill are similar to those recommended by the Standing Senate Committee on Banking, Trade and Commerce.

Some aspects of the legislation are intended to encourage Canadians to acquire equity in Canadian enterprises. Canadian corporations will be permitted to deduct as an expense interest on sums borrowed to undertake the purchase of shares in other corporations. This would remove a disadvantage which Canadian corporations have had in the past in competing with foreign corporations in takeover bids.

It is proposed there would be a 10 per cent limitation on foreign assets of pension funds and retirement savings plans. It is expected that this could have an important influence in directing funds of these large intermediaries to Canadian investment. The lower tax rate provided for small businesses is to be available only to businesses which are Canadian owned. Any savings afforded by this incentive will be recoverable by the Government should the ownership of these businesses subsequently pass into the hands of non-residents. The form of the dividend tax credit makes the incentive to invest in Canadian equity more attractive for more Canadians.

In the course of what I have said up to this point, I have indicated some, but by no means all, of the proposals in the report of September 1970 by the Standing Senate Committee on Banking, Trade and Commerce, which were incorporated in the bill introduced in the other place last June.

Hon. Mr. Flynn: That is true.

Hon. Mr. Grosart: May I ask the Leader of the Government—

Hon. Mr. Martin: The Minister of Finance, in his testimony before our Banking, Trade and Commerce Committee last Monday—

Hon. Mr. Grosart: I am asking the honourable Leader of the Government if he would accept a question at this point.

Hon. Mr. Flynn: He does not like it.

Hon. Mr. Martin: Yes, I would accept my honourable friend's question.

Hon. Mr. Grosart: The honourable Leader of the Government has spoken of the incorporation of some recommendations made in the report of the Standing Senate Committee on Banking, Trade and Commerce on the White Paper. Would he not agree with me that the vast majority of the recommendations in that report have not been incorporated in the bill before us?

Hon. Mr. Martin: No, I would not agree with that.

[The Hon. the Speaker.]

Hon. Mr. Choquette: Why not?

Hon. Mr. Martin: I would not agree with the statement that the vast majority of the recommendations of the Standing Senate Committee on Banking, Trade and Commerce were not accepted. I would say, as the Minister of Finance indicated last Monday, that a substantial portion of these recommendations were accepted by the Government, as I shall ultimately show.

Before Senator Grosart asked his question I was commenting that in the course of what I had said thus far I had indicated some, but by no means all, of the proposals in the report of September 19, 1970, by the Standing Senate Committee on Banking, Trade and Commerce were incorporated in the bill introduced in the other place last June.

The Minister of Finance, in his testimony to our committee last Monday indicated, as I was reminded by Senator Langlois, that some 44 recommendations in all from that committee were adopted—

Hon. Mr. Flynn: Out of what?

Hon. Mr. Martin: —in the June 1971 draft of Bill C-259.

• (2030)

Hon. Mr. Flynn: Out of what number?

Hon. Mr. Martin: One of the most significant examples of an acceptance of the Standing Senate Committee's recommendations was that relating to integration. Senators who were not at the committee's hearing last Monday might be grateful if I were to read out exactly what the minister said on that occasion. He stated—

Hon. Mr. Flynn: I hope you will read it all this time.

Hon. Mr. Martin: He stated, and I quote:

> We did not know until the very end where we were going to end up on a great many matters.

Hon. Mr. Flynn: I do not think he knows now.

Hon. Mr. Martin: He said:

> Integration was one of them. Finally, we accepted your recommendation from the Senate committee and did not have integration but amended the dividend tax credit.

That is the end of the quotation and that is my response, in part, to Senator Grosart.

Hon. Mr. Flynn: You end the quotation where it pleases you and where it fits your purposes.

Hon. Mr. Martin: I would now like to mention a number of instances—

The Hon. the Speaker: Honourable senators—

Hon. Mr. Martin: —in which points were brought to the Government's attention by being discussed this autumn in the Standing Senate Committee on Banking, Trade and Commerce. The suggestions I am about to list were taken into account—

Hon. Mr. Flynn: Listen to the Chair.

The Hon. the Speaker: Honourable senators, I have to recognize Senator Grosart, who rises on a question or a point of order. Honourable Senator Grosart.

Hon. Mr. Grosart: Surely, Your Honour, we are going to observe the rules of this place. When a senator rises and there is no way of knowing what he may rise on, he should be recognized, and the Leader of the Government should not deliberately ignore him and continue speaking—in this case for at least a minute—even after Your Honour has risen to intervene.

Hon. Mr. Martin: Oh.

Hon. Mr. Grosart: I suggest, Your Honour, that we decide now what the rules are. I did not speak, I did not interrupt, I did not comment; I rose in my place. I would like to know what the rules are.

The Hon. the Speaker: I shall dispose of this question of privilege. I said I recognized the honourable Senator Grosart. It may be that I did not speak loudly enough—I do not know. I understand that the Leader of the Government was not looking at the Chair at the time, but I would ask Senator Grosart to proceed now with his point.

Hon. Mr. Grosart: I rise to ask if I may ask the Leader of the Government a question.

Hon. Mr. Martin: If you have a question, ask it.

Hon. Mr. Grosart: As a matter of fact, I might say I did not ask for an imperative. I asked for permission. The imperative was "ask it". I still ask, might I ask it, and a good answer is "yes".

I would ask the leader if he has analyzed the recommendations made by the Banking, Trade and Commerce Committee in what I would call its first report, which was the report on the White Paper. I ask the question because he has ranged over four reports, and I have some doubt as to whether he understands the difference between the recommendations contained in them and in the bill.

Hon. Mr. Martin: What is the question?

An Hon. Senator: It is a speech.

Hon. Mr. Grosart: My question is, as I enunciated clearly at the start, has the leader enumerated carefully, numerically, the recommendations made by that committee, as against his statement—which I regard as untrue—that the recommendations were substantially incorporated in the bill before us.

Hon. Mr. Martin: I would now like to mention a number of instances in which points were brought to the Government's attention by being discussed this autumn in the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Flynn: That is a very good answer.

Hon. Mr. Martin: The suggestions I am about to list were taken into account by the Government when it tabled its list of amendments to Bill C-259. The Government amended section 116(5) of the bill to allow a purchaser who has acquired taxable Canadian property from a non-resident not to be liable for tax of 15 per cent where he had a reasonable inquiry and has reason to believe that the non-resident is not a resident in Canada, thus taking into account the recommendation of the Standing Senate Committee on Banking, Trade and Commerce.

The Government amended paragraph 18(2)(b) to exclude from a non-deductible expense "income or profits taxes or taxes computed by reference to the transfer of property". This is now a deductible expense, thus taking into account the recommendation of the Standing Senate Committee on Banking, Trade and Commerce.

The Government amended section 80 so that the amount to be applied to reduce those things set out in paragraph (a) of section 80 will be that by which the lesser of the principal amount and of the amount for which the obligation was issued exceeds the amount paid, thus recognizing that an obligation can be issued for an amount less than face value, thus taking into account the recommendation of the Standing Senate Committee on Banking, Trade and Commerce.

The Government has changed section 47 substantially, taking into account the recommendation of the Standing Senate Committee on Banking, Trade and Commerce contained in the proceedings, No. 35, of the committee of September 29, 1971.

The Government amended section 74(2) to clarify which capital gains shall be taken into the income of a transferor of property transferred to a spouse, thus taking into account the recommendation of the Standing Senate Committee on Banking, Trade and Commerce.

Amendments have been made to subsections (5) and (6) of section 26 of the Income Tax Applications Rules regarding valuation of assets for capital gains purposes at the start of the system, thus taking into account the recommendation of the Standing Senate Committee on Banking, Trade and Commerce.

An addition has been made to section 245(2) by adding paragraph (c) so that a gift will not necessarily be income of a beneficiary, thus taking into account the recommendation of the Standing Senate Committee on Banking, Trade and Commerce.

A change has been made to section 192(13) so that surplus of corporations which have amalgamated in the past does not become designated, thus taking into account the recommendation of the Standing Senate Committee on Banking, Trade and Commerce.

In addition, and these are some examples, the Government has been responsive to suggestions made in the reports of the Standing Senate Committee on Banking, Trade and Commerce which were issued in November. For example, as Mr. Benson pointed out, the Government amended the section dealing with the taxation of credit unions directly in response in part to the recommendation of the committee.

• (2040)

I have listed in some detail the ways in which the Government has responded to suggestions emanating from the Senate in regard to the form of the bill. This is because I am afraid the public has not been as fully aware as it might have been of the extent to which the Senate has been able to influence its intent and wording. I noticed, for example, in the main editorial in the *Globe and Mail* of yesterday the following paragraph:

> It is true that a Senate Committee has considered the White Paper on Taxation which bore no resemblance to the tax bill. It is also true that a Senate committee has examined the draft bill and that the Senate has this week been debating the report of the committee.

But the definitive bill is far different from the draft bill.

The *Globe and Mail* is certainly one of our outstanding national nespapers, and yet it is evident that the *Globe and Mail* was under the impression that the Standing Senate Committee on Banking, Trade and Commerce has only considered the bill in the form in which it was tabled last June.

Hon. Mr. Flynn: It was right too.

Hon. Mr. Martin: Yet as I have mentioned to honourable senators in the last few minutes, there are numerous examples of ways in which the Senate committee has not merely taken note of the amendments to Bill C-259 that have been proposed by the Government during the autumn—

Hon. Mr. Flynn: You should have attended the committee.

Hon. Mr. Martin: —but that the Senate committee itself was responsible for many of those Government amendments. So it is not a question of the Senate not having had the opportunity to take into account the Government's amendments. The fact is that the Government has had the opportunity to take into account recommendations made by the Senate committee and has done so.

Hon. Mr. Flynn: The least important.

Hon. Mr. Martin: The honourable senator says "the least important", but I take issue with him. This is important. I know the Leader of the Opposition finds it difficult to accept this portrayal of what I am sure all honourable senators will generally recognize as a true statement of the facts as they emerged from the committee in its deliberations on the consideration of the White Paper, and on its consideration of the bill now before us.

In the realm of our international agreements, it is intended that our tax treaties will be developed to seek competitive tax treatment for Canadians investing abroad. The withholding tax on investment income paid to non-residents is to remain at 15 per cent until the end of 1975. Thereafter it will be increased to 25 per cent in non-treaty countries. After January 1, 1972, pensions will be subject to withholding taxes. However, all old-age security pensions, and $1,290 of Canada and Quebec pension plan benefits, will be exempt.

Honourable senators will recall that the report of the Banking, Trade and Commerce Committee on the White Paper recommended abandonment of the death duties field to the provinces. The federal Government has proposed that federal estate and gift taxes be eliminated after January 1, 1972. However, the federal Government has offered to help the provinces by collecting provincial succession duties and gift taxes for a three-year period.

Reform in our income tax legislation has been sought by the business community for many years. The previous government, in which some of the distinguished senators opposite were prominent members, established the Carter Commission to look into the question almost seven or eight years ago. If I remember correctly the Leader of the Opposition was a member of the Government which authorized the establishment of that commission. The Carter Commission held hearings, it produced a report, and the report engendered further debate.

The present Government produced a White Paper encompassing its own proposals, which provided a basis for further public discussion. The Standing Senate Committee on Banking, Trade and Commerce produced its recommendations with respect to the White Paper. The Finance, Trade and Economics Affairs Committee of the other place also made its recommendations.

On the basis of all these submissions, and of many submissions from individuals and companies, the Government introduced its bill on July 12 last, and all of us were able to judge what the Government had in mind because there was a distribution of the document.

More recently the Government also supplied some amendments to this bill. The entire process of consultation has been a long one and has been accompanied by an uncertainty as to what the eventual outcome would be. In the next session of this Parliament, as the Banking, Trade and Commerce Committee was told by the Minister of Finance last Monday, there will be some amendments proposed to the present legislation in the form of an amending bill. There is nothing abnormal in this. There have been amendments virtually every year to the income tax program ever since the income tax was introduced in 1918.

Hon. Mr. Flynn: That is very convincing.

Hon. Mr. Martin: In some cases the Government is anxious to have a little more time to consider the best wording for amendments. It is sometimes easier to endorse the intention of a proposal than to find wording which perfectly accomplishes the intent. In other cases the Government believes that the wording will be adequate, but is ready to clarify the wording if in operation there is some dispute as to the meaning. In still other cases the Government would like further time to consider whether it will necessarily accept the full principle involved in some suggestions. As the Minister mentioned to the committee last Monday, and as he has said elsewhere at other times, the Government is not only willing but anxious to give the most serious consideration to all the recommendations of the Standing Senate Committee on Banking, Trade and Commerce, and from other quarters as well.

In the meantime, the Government and, I submit, Parliament has a responsibility and a duty to ensure that the public and the business community are able to operate in the new year on the basis of the law, without confusion and without uncertainty—confusion and uncertainty that would affect the operations of the Government as well as the economy of the nation. It is desirable to ensure predictability in regard to the income tax structure under which the public and corporations will be living. It is not in the public interest to allow uncertainty as to whether business and the public in January 1972 should be working under either expiring or prospective tax legislation.

Hon. Mr. Flynn: Due to an amending bill?

Hon. Mr. Martin: This bill has been before Parliament and the public for a long time. It is desirable that this long period of uncertainty should now come to an end.

The Hon. the Speaker: Did I understand that the Leader of the Opposition wished to ask a question?

Hon. Mr. Flynn: I will not bother to put a question.

Hon. Mr. Choquette: Do not disturb an excellent peroration.

Hon. Mr. Martin: This is an important item of the Government's program, and I have no hesitation in commending this bill to the Senate. The Senate is master of its own house. The Senate will decide of its own accord what the decision of this house will be.

Hon. Mr. Flynn: The best joke has been made.

• (2050)

Hon. Mr. Martin: The Senate has full authority to accept or reject submissions which I make. However, in making these submissions, I would like to say that no tax bill has ever been fully acceptable to all sections of the people since I have been in Parliament, and that is a long time. I would ask any honourable senator whose experience corresponds to mine whether he would not agree that this is the case.

Hon. Mr. Flynn: Corresponding to your experience?

Hon. Mr. Martin: Honourable senators, this is a good bill. This bill goes a long way towards tax reform. This bill relieves thousands of people of taxation. It approaches equity more than any other corresponding measure. This is a bill of which the Government need not be ashamed.

Some Hon. Senators: Hear, hear.

Hon. Mr. Martin: This is a good bill. This bill goes a long way towards tax reform as no other bill has done. I am sure any honourable senator, whether he fully agrees with the contents of the bill or not, could find weaknesses in it.

Hon. Mr. Flynn: Not you, I am sure.

Hon. Mr. Martin: I am sure any honourable senator could find weaknesses in any tax bill and could say such a bill is an imperfect measure, and does not deserve to be accepted by the Canadian people. But the Government is not ashamed of this bill. As the representative of the Government in the Senate, I recommend this bill and propose its adoption.

Hon. Mr. Flynn: And that is without amendment.

Hon. Mr. Martin: Imperfections in the bill can be corrected. We are not afraid of the taunts and criticisms levelled against it by those who do not have the responsibility of directing the Government of this country. This is a good bill. It deserves to be adopted.

Some Hon. Senators: Hear, hear.

Hon. Mr. Flynn: And that is without amendment. I have never heard a better joke in my life.

Hon. Allister Grosart: Honourable senators, I shall not make a speech at this time. However, so there will be no misunderstanding regarding the relationship between the recommendations made by the Standing Senate Committee on Banking, Trade and Commerce and the bill as it appears before us, I would merely draw the attention of honourable senators to the final report of that committee tabled on December 13. Appendix B, at page 8, lists nine recommendations described by the committee as Top Priority Recommendations, for change in this bill. These are not small incidental changes, nor are they small specifics such as the Leader of the Government has drawn to our attention, but top priority recommendations. Those are the exact words of our committee. And not one of these recommendations is incorporated in the bill as it is presented to us today.

Hon. Mr. Martin: Honourable senators, I take it this observation is a question?

Hon. Mr. Grosart: It was not meant as a question.

Hon. Mr. Martin: May I read a portion of the Minister of Finance's evidence at our committee meeting on Monday, December 13. This is at page 1 of the proceedings:

> Since debate on the bill commenced in the House of Commons this fall, the Senate has been considering the subject matter and has so far made two reports. We have studied these very carefully, and have made certain amendments in the House of Commons. I think of such amendments as those with respect to credit unions and co-operatives, as well as a great many other technical amendments, as being in conformity with the suggestions of this committee. I would like to repeat that your recommendations have been very helpful and will be the subject of our continuing study. An amending bill will be introduced next spring as, indeed, there always is an amending bill to a taxation statute. There has been one every year since 1918, when income tax was first imposed in Canada.

Hon. Lionel Choquette: Honourable senators, I take it the remarks made by my colleague, Senator Grosart, were by way of question, not by way of speech, and that he did not take my place in the order of debate.

Hon. Mr. Grosart: No, far from it.

Hon. Mr. Choquette: I wish to follow the honourable Leader of the Senate, which I consider a great honour.

Some Hon. Senators: Hear, hear.

Hon. Mr. Langlois: We are delighted to accommodate you.

Hon. Mr. Choquette: Honourable senators, Senator O'Leary reminded the Leader of the Government yesterday that when he delivered his maiden speech in this chamber he paraphrased Sir Winston Churchill, saying he did not come here to preside over the liquidation of the Senate.

This reminds me of another Churchillian gem of eloquence worth paraphrasing: Never was so much written by so few to bewilder so many.

Bill C-259 is a mandarin elephantine legislative monstrosity so complicated and so poorly drafted as to make it, to a considerable extent, unintelligible.

Yet, one of the principal objectives of this tax reform, according to the precursory White Paper, was "widespread understanding of, and voluntary compliance with, tax laws".

So this bill, these 707 pages of confusion, ambiguity, and complication are the result of this Government's attempt to draft legislation which would be both comprehensible and palatable to the average Canadian—just another in a long and impressive list of outstanding flops.

If we did not know before, we are certain to appreciate after our look at this bill that legal drafting is the weakest link in the legislative process. Good draftsmen are few, undervalued and overworked. This, combined with pressure to force large volumes of legislation through Parliament as quickly as possible, has produced a plethora of laws which are dismally unclear.

Usually, these structural shortcomings are of insignificant import. The individual statute does not usually affect that many people, or, if it does, not that frequently. Judges, lawyers, and government officials manage to make the laws work reasonably well most of the time. The nuisance and expense occasioned by flaws in a statute rarely constitute a major problem.

• (2100)

Our income tax law, however, is very different. It directly affects almost everyone in the country, and it does so annually. The considerable complexities of capital gains taxation will affect many more people than does the present income tax. Most of the complications, with their attendant added expenses, will fall on taxpayers in business rather than salaried citizens and wage earners.

The cost of complying with the new tax law will increase many-fold. Like other business costs, these will find their way into the prices of the goods and services upon which all of us depend. Therefore, we can look forward to more and more inflation as one of the results of this bill.

Our income tax law should not be rushed onto the statute books, because the consequences of error and ambiguity could be disastrous. No one wants to be the beneficiary of a law that imposes a higher than necessary compliance cost on the rest of society. As Canadians, we want the laws to be such that most people can understand and comply with them without the constant attendance of a professional adviser.

The Minister of National Revenue was not being very encouraging when, in a speech to the Canadian Tax Foundation some weeks ago, he stated:

> Once tax reform comes into effect, the increased need by taxpayers for rulings and interpretations will make greater demands on the limited number of staff engaged in this work.

He also warned that there would be lengthy delays in getting rulings.

While the Minister of Finance creates chaos by bringing in over 150 amendments seemingly calculated to further complicate an already confusing bill, the Minister of National Revenue tours the country telling us things are not half as bad as they are going to be, since there are not enough competent people to sort this mess out.

The complexity of this bill is a complete negation of the fundamental principle of a self-assessing tax system. It is of paramount importance to this type of system that the taxpayer should have a basic understanding of how it works.

Honourable senators, I think it has been the consensus of opinion throughout this country, from law societies and associations of bookkeepers, actuaries and accountants, that this law is not understandable.

If the taxpayer does not understand, at least conceptually, he will lose respect for the system and begin to suspect unfairness—all of which can lead to a complete breakdown in "voluntary compliance", of which the Government is so sincerely in search.

I would suggest that we pass the bill in its entirety during this session. Those sections dealing with changes in personal rates and exemptions, the deductibility of interest by corporations on money borrowed to buy shares, simplification of the tax structure and a new system of dividend tax credit could be proclaimed for immediate implementation. Proclamation of the very complex sections, I would like to see postponed for one year to allow adequate study, assimilation, planning and possible redrafting. The tax reduction in the bill could be effectively introduced by means of an ordinary budget.

Another very important reason for recommending the postponement of certain sections is that the additional time will permit provincial governments—and we must not forget provincial governments and their tax laws—to enact their enabling and complementary legislation during regular 1972 legislative sessions, thus providing a smoother transition. Otherwise, we could be faced with the very difficult problems of retroactive provincial taxation, which is most unsatisfactory.

If the taxpayer and tax practitioner are lost in this jungle of legalese, so we expect will be the tax assessor. This will inevitably give rise to a deluge of new tax forms, new regulations, government bulletins and the ubiquitous amendments which are certain to render everything mentally indigestible.

If the tax assessors cannot master the law, inequitable and inconsistent assessments will result. People will lose respect for the law and the courts will not know what struck them.

A year's delay in implementing some of the more abstruse sections would allow for complete redrafting of the bill, a reasonable time for outside experts to study and suggest changes, time for the education of the taxpayer and tax assessor, time for the provincial governments to amend their legislation which in turn should be studied by interested parties, and time for a smoother introduction of a polished workable tax reform.

We are all anxious to be finally done with tax reform. I am fully conversant with the fact that review of our tax law has gone on for eight years. We all know that, but the fact is that it is only in the last six months that we have had a chance to see, study and discuss the actual legislation. And the work of eight years has been before Parliament for only a couple of months.

It just does not strike me as right or logical that we should spend eight years elaborating a philosophy of taxation and only two months discussing the vehicle devised to implement that philosophy. The results brought about by the bill could, quite likely, unless we give it some more study, be completely at odds with the intended goals.

Let us try it, says the Minister of Finance, with a what-have-we-got-to-lose attitude. My reply to that is that executive irresponsibility and superficiality added to an already strident arrogance will surely not engender confidence in this administration.

• (2110)

It seems to me that a responsible administration would heed the warnings of such as the Honourable D'Arcy McKeough, Treasurer of Ontario and Minister of Economics, who said of this bill, in a statement to the meeting of the Ministers of Finance in Ottawa, November 1 and 2, 1971:

> —after four months of detailed study, we have not been able to even half digest the legal and administrative implications of the complex new Income Tax Act drawn up by Ottawa, let alone evaluate its impact on corporations and its practical workability. The 100 assorted amendments to Bill C-259 introduced on October 13 and the further substantial changes on October 28 have rendered our task that much more difficult.

It is still the minister speaking, and he goes on:

> —Given this situation, we do not intend to incorporate the federal tax changes in our own tax legislation in the immediate future ... Ontario cannot afford the risk of taking on faith that the new Bill C-259 is inherently sound and workable. In our view, it would be irresponsible to submit to the Ontario Legislature major changes in tax law that the Government itself has not fully appraised, understood and approved.

It seems to me that a responsible administration should listen attentively to the Canadian Bar Association which, in its brief to the Minister, warned:

> We have found it impossible in this short space of time to master the proposed legislation to the point where our criticisms can be in any sense adequate. We do feel confident that for every problem or mistake we have found in the statute, there are ten we have missed.

The brief goes on:

> —Our association, in putting together this submission, has had the advantage of concentrated effort by persons who are expert in analysing taxation statutes. If our group finds the time period allowed impossibly short, we wonder if many others will be able to comment effectively at all.

It seems to me, honourable senators, that a responsible administration would not fear that retention of this bill before the Senate, for the purpose of giving it the close scrutiny that was rendered impossible in the other place, could become a source of considerable embarrassment. This Government should be accustomed by now to the humiliation which usually accompanies serious blunders.

This Government, compelled by its vanity, its irrational fear of losing face, is determined to foist upon us a bill which even the minister concedes, after hundreds of amendments, is still largely imperfect; a bill whose workability is hopeless; a bill whose implications for the conduct of business are in many instances unknown; a bill whose administration is unnecessarily complicated; a bill whose total effect will be one of unremitting confusion. There is no intelligent excuse for the Government's adamantly sticking to this course of errors. It is wrongheaded and obtuse.

The Prime Minister would render a service to this country if he were to arrange for this bill to be split, allowing for immediate implementation of that upon which all of us are agreed, and for further study of the more contentious and unclear sections. This would be a true measure of statesmanship.

There are three excellent reasons why we should limit these tax reform measures for the coming year to those affecting personal income. The first is the complexity of the measures affecting corporate income. The second is the opposition of the provinces. The third is the uncertainty caused by the economic measures recently taken in the United States which is something important and should be considered very seriously by this body.

The complexity of this bill is mind-boggling even for the experts. In these circumstances, it seems reasonable to proceed only with those measures which can be understood and for which there is some real urgency. These are largely confined to measures applying to personal income.

The complexity of the measures applying to corporate income is the basic reason for the provincial opposition to their implementation next year. Those provinces levying taxes on corporate incomes will otherwise be placed in the position of having to introduce comparable changes in their own tax legislation or else, by holding their present legislation, as Ontario says it will, introduce a dual and frequently conflicting system.

No provincial finance minister will introduce tax changes which he cannot understand, much less justify to his opposition. This is not a partisan issue. The provinces that have opposed the introduction of the corporate reforms are Alberta, Manitoba, Ontario, Quebec, and New Brunswick, three Conservative governments, one Liberal, and one New Democrat. Their opposition to quick implementation is based quite simply on their awareness that they will need at least a year—at least a year—to thread the federal measures into their own legislation.

The Nixon measures are something else again. We do not know how far the United States intends to go on this course of protectionism. Hence, it makes no sense at all to lock business into a straitjacket of new and incomprehensible tax measures at a time when it needs ultimate flexibility and freedom of movement to enable it to cope with foreign protectionism.

The minister says that this bill is an integrated whole which cannot be broken down into component parts without risking total collapse. I am not at all impressed by this fatuous argument. The one important integrating element in the reforms is the tax on capital gains. If Mr. Benson abandoned his attempt to tax gains in the coming year, he would then be able to separate the reforms into two distinct segments: personal and corporate, putting the former through before January 1, and holding the latter for more study and debate. And that, honourable senators, is what we on this side of the house have been advocating for the last few days.

• (2120)

There would be no political difficulties in pursuing this course. Everyone in the official Opposition would support it. We all agree, I think, on the measures relating to personal income. Passage of these provisions could be com-

pleted with singular alacrity. And with the convincing reasons which I have just explained for postponing the corporate measures, there would be almost no risk of loss of political face.

Hon. Mr. Flynn: Or advantage.

Hon. Mr. Choquette: Does Mr. Benson's insistence on taxing gains justify pressing ahead with measures which the provinces reject, which the tax experts and their clients cannot understand, and which, as we have been assured by the minister, will be altered again in the proximate future. Of course not, especially when the revenue involved is so minimal. The same can be said of his decision to give up federal death duties, again over provincial protest. In fact, he will collect more from death duties in 1972 than gains, given the sort of income we are experiencing.

Revenue, in fact, is the least of the considerations here. Were the minister to implement the measures covering personal income except for gains, retain death duties one more year, take off the surcharge, and confine his corporate measures to implementation of the uniform rate for large businesses, his estimated revenue loss would be in the range of $55 to $60 million. A nugatory sum, not even worthy of consideration when one measures it against the cost of trying to implement this taxation maze.

The measures affecting corporate income, especially international income, are excessively complex. We are categorically opposed to their implementation without further in-depth study. But let me not hear any voice raised to suggest that this concern for the technical rightness of the measures, the implications for the conduct of business, and the administrative efficiency, constitutes political obstructionism.

We in the Senate have a responsibility to study legislation carefully—

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Choquette: —and we of the official Opposition intend to acquit ourselves of that responsibility honourably, rationally, and responsibly.

The Government argues that the uncertainty of another year of delay in implementing the measures would weigh too heavily on business decisions. In fact, it would weigh no more heavily than the continuing amendment of the legislation after it has passed. The Government's argument might apply to a simpler piece of legislation. It is patently ludicrous and completely meaningless in application to anything as complex as tax reform.

Simple common sense dictates a slow and measured approach to changes which can have such widespread implications for business activity at a time when, if the challenge of new job requirements is to be met, business activity should be given every inducement to expand. As it is, the pending imposition of the new tax legislation is driving business out of Canada. That we cannot afford at a time when unemployment is rampant, and the economy totters on the brink of collapse.

We must be given adequate time to carefully scrutinize this legislation. Let us have no "Christmas closure", as Senator Forsey so aptly described it last week.

Hon. Mr. Flynn: Last week, yes.

[Hon. Mr. Choquette.]

Hon. Mr. Choquette: Has he changed his mind since?

Let us resolve that there will be no Government by decree in this chamber. Let us stand together; we are the masters of this house and the Government should not be allowed to bully us into rubber-stamping legislation of this magnitude and importance.

Hon. Mr. Phillips: Have you convinced Senator Martin of that yet?

Hon. Mr. Choquette: Let us not knuckle under and accept on faith a piece of legislation which is being decried across the land. Let us not put up with this cavalier presumption of our subserviency to the Government's ambition.

The Standing Senate Committee on Banking, Trade and Commerce made several recommendations as to how this piece of legislation could be beneficially amended. They were largely ignored.

I do not care what the Leader of the Government says tonight. I repeat, they were largely ignored. Senator Hayden has said so himself. Senator Hayden's roommate, Senator Paterson, was today reprimanded because he, at his age, was sincere. Senator Paterson is one of the deans of this chamber. He has shared office space with the honourable Senator Hayden for some considerable time. Senator Paterson told us that he was terribly disappointed when he saw his roommate working for months on this piece of legislation, and then before leaving say to him, "I honestly believe that these amendments on which this committee has worked for months will be accepted."

The Leader of the Government, thinking it would bring him at least one or two votes, had his deskmate, who sometimes acts as the Deputy Leader, get up and defend his attitude on the bill. Senator Langlois told Senator Paterson that he was all wrong, that some 40 proposed amendments had been accepted.

Again I repeat, they were largely ignored.

Sure, the minister appeared before the committee and promised to bring in amending legislation which would incorporate the committee's suggestions. But that only made matters worse. It is more insulting to be patted on the head and promised goodies in return for proper behaviour, than it is to be completely ignored.

This insufferably arrogant Government has violated the dignity of the Senate. We are being told by this Government that they have no use for the Senate as a legislative body. They are trying to turn us into a merely consultative body.

This is not what we were intended to be; this is not what the majority of us would like to see the Senate made into; and this is not, I feel convinced, what will happen because I am sure that senators on both sides will agree to fight these bold attempts to destroy the Senate.

As Senator Hayden said last week, we will not be dictated to. If we rubber-stamp this bill, then we will deserve fully all the ridicule that will be heaped upon us. We will have volunteered concrete evidence of the fact that we are a completely useless legislative appendage.

• (2130)

You know and I know that the Senate plays a role of tremendous importance in the development of worth-

while legislation. You know as well as I do that the Senate is capable of excellent work, and is always willing to rise to any challenge. This bill offers a challenge, a tremendous one. And I am sure that given adequate time and the proper circumstances, we could transform this chronically arthritic piece of tax legislation into a metamorphic adonis of legislative intelligibility, equity, and workability.

The key to all this is time. We cannot be expected in a matter of ten days to study and pass intelligent and informed judgment on a piece of legislation that had a gestation period of some eight full years. The nasty fact is, honourable senators, that we do not—I repeat, do not—have the time to put this bill through the metamorphosis of which it stands in such great need.

Bill C-259 consists, in reality, of at least eight separate and distinct bills, all affecting the Canadian public—bills dealing with personal income, capital gains, taxation of corporations and shareholders, taxation of the mining and petroleum industries, business and property income, international income, taxation of co-operatives and credit unions and the taxation of farmers.

Furthermore, this one mammoth bill affects the Government's own activities in seven distinct areas. It affects their federal economic, fiscal and monetary policies and planning, both domestic and foreign; it affects federal-provincial relationships through unilateral apportionment of tax resources available to the federal Government and the provincial governments; it affects Canada's welfare and social programs; it affects Canada's trade; and it affects the Government's industrial development, agriculture, and resource development.

Of the bill's 707 pages, at least 175 have been amended since first reading in the other place, some more than once. We have a responsibility as senators to see to it that adequate consideration is given this bill. I fail to see how this can be done now, during what should be the Christmas recess, in the ten or so days we have left. I think we have a duty to prolong this debate into the New Year. By so doing we will be maintaining an open forum for discussing and resolving the many complexities of this bill. It is absolutely essential that discussion of this bill be continued. We must not allow the bill to drop from public sight on the mere promise of more amendments in the spring. It would be sheer folly to allow this legislative mess to fall into the hands of officials for interpretation as they may see fit.

I repeat, for the sake of emphasis and clarity, that we have no quarrel with the measures applying to personal income. Those we would like to see implemented as soon as possible. But the measures relating to corporate income must, of necessity, be given much more thorough consideration than has been the case up to now, and this can only be done later, some time in January, and without a deadline being held over our heads like the sword of Damocles.

It is my contention, in which I was supported by Senator Hayden last week, that if on January 1 the bill has not been passed and the present session of Parliament is still continuing, then whenever the bill is passed during the continuance of this session the date of January 1, 1972, would still be the effective date. That means we could pass it any time in the New Year, and it would be deemed to have become effective on January 1.

This is the first time in the history of Canada that any government has taxed the people by using closure on the representatives of the people. This is government by decree. And if we pass this bill without due consideration, then we will be as guilty as they were of this travesty of justice, this prostitution of democracy.

I must disagree most vehemently with those who assert that the Senate has already given this bill ample review. It is claimed that we could not conceivably add much of value to what we have already indicated in the Banking, Trade and Commerce Committee's three reports on Bill C-259. I beg to differ. The recommendations the committee made were for the purpose of obtaining alterations on a strictly technical level, and I am not at all willing to agree that we have no more work to do in this area.

However, the very essential point I wish to make at this juncture is that we have not given any consideration of the principles which form the substructure upon which has been erected this legislative Tower of Babel called Bill C-259. We have been so preoccupied with the intricacies involved in how to make this bill workable that we have not had time to sit back and ask ourselves whether or not much of the philosophy upon which this bill is predicated is palatable to us.

We have dealt only with the technical aspects of the bill. Let us now send this bill to committee and go through it with infinite care to see if whether or not it coincides with the guidelines we set down in the Banking, Trade and Commerce Committee's report on the White Paper on taxation.

Let us see if there has been translated into this legislation an appreciation of the fact that economic growth in Canada can come about only through the investment of capital and savings by Canadians or foreigners.

Let us look at it closely to see if the bill reflects acceptance of the fact that Canada is, of necessity, a capital importing country heavily dependent on substantial risk capital, which traditionally has come from the United States.

Let us see if this bill shows any awareness of the fact that there is now strong competition in world markets for capital, including risk capital, and that it has become necessary for Canada to meet such competition or suffer a diminution in capital inflow, with disastrous effect on our economic growth, prosperity, and standard of living.

Let us see if this bill blends equity with our capital needs and maintenance of our competitive position in the export market.

Let us see if the Government paid any attention to the recommendations we made in the report on the White Paper on taxation. They did not pay any attention to our reports on this bill. What were we promised by the minister? That he would continue to study our suggestions with a view to possibly incorporating some of them into an amending bill next spring—a conciliatory, propitiatory bribe, an outright sop. The minister made no commitment. We were dismissed out of hand. No special consideration will be given our recommendations.

I should now like to point out to our senatorial neophytes, our raw-raw-roll-up-your-sleeves-and-work-on-Sunday boys, that we on this side have a list of a few hundred points that we want cleared up in committee. I suspect we will have more questions to ask and arguments to make as we go through the bill clause by clause.

• (2140)

In my estimation, this bill is a wholly incomplete and inadequate reform. It fails to reform federal tax activities, reform tax sharing and integration with the provinces, provide greater equity for middle-income taxpayers, stop taxing the poor or employ a tax credit rather than exemption system to more effectively assist low-income Canadians, simplify the language and draftsmanship, and reform tax collection.

In that, honourable senators, this behemoth is a monument to pedantry; it is technocracy run wild; it is an unholy exercise in obscurantism. This bastard child of statism and egalitarianism is depressing to contemplate. It offers for the future an increasing burden of taxation imposed in an increasingly complex way.

This—and I am through, honourable senators, and I am sure you are all glad—is the "Just Society", one of the most highly taxed and overgoverned societies in what is left of the free world.

I leave you with the thoughts of Abraham Lincoln:

> You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot help the poor by destroying the rich. You cannot establish sound security on borrowed money. You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing for them what they could do for themselves.

Hon. Leopold Langlois: Honourable senators, it was not my intention to comment at great length on the speech we have just heard, but I cannot refrain from making a few remarks before going on with what I had intended to say this evening.

First, I noted that my honourable friend Senator Choquette referred to the work which has been done in connection with Bill C-259, in mentioning that its study had lasted some nine years. He called that a rushed study. A nine-year rush? I, too, would attempt to paraphrase the great Churchill, by adding: Some study, some rush! Now I will continue in French because, in commenting on my honourable friend's remarks, I think I should use the language that we both speak normally.

[*Translation*]

My good friend Senator Choquette apparently wished, in his opening remarks, to scold me for having taken Senator Paterson to task this afternoon.

I am sure that my honourable friend was carried away by his oratory and he did not mean what he said.

Hon. Mr. Flynn: I did.

Hon. Mr. Langlois: I did not ask you.

I would draw his attention to the fact that when the item on which he was supposed to speak was called, he was not in his seat and it is at my request that it was stood to allow him to speak later and I indicated at the time that it was precisely because Senator Paterson intended to take the floor. I never took him to task as *Hansard* will show. All I did was to call the attention of the Senate to the fact that 44 of the amendments suggested by the Senate had been accepted by the Minister of Finance; I wondered about the position the Opposition was taking and referred, as my honourable friend will recall, to what Senator Beaubien had said the day before yesterday when he participated in this debate.

But I will leave this little incident aside for the time being knowing that I need not give it further attention.

I was again surprised tonight to hear my honourable friend talk about the ruthless way in which the Government apparently wanted to dispose of this legislation, and I think that in order to assess the merit of remarks of that kind—for he was not the only one to express such remarks—it is necessary to fully relate the circumstances that led to this legislation.

I know that by so doing I might have to say certain things that will not please my honourable friends opposite but I must tell them that should it be so it is simply by pure coincidence and that it is not my intention to turn this debate into a political discussion.

First, I would like to recall that my honourable friend—

Hon. Mr. Flynn: We are here to have a debate.

Hon. Mr. Langlois: You will have an opportunity to make your speech later, my friend. You have the habit of continuously interrupting debates because you do not know how to reply when it is time to do so.

Hon. Mr. Flynn: I wanted to tell my honourable friend to go right ahead and say anything he wants to say, that we would not be offended, that we would not be put out, that he is absolutely free; it just so happens that we are here to debate issues and there is no need for him to fear that we would be offended, provided he himself is not.

Hon. Mr. Langlois: I wish to point out that Senator Grosart is not in his seat because, if he were, he would have called to order the Leader of the Opposition who is interrupting without any reason a speech I am making; this is absolutely out of order and you know that your colleague would certainly have pointed it out to His Honour the Speaker.

Hon. Mr. Flynn: On a question of privilege, it is certainly in order to rise and ask the senator who has the floor if he will allow a question.

Hon. Mr. Langlois: You did not ask me anything.

Hon. Mr. Flynn: I agree, I did not ask anything but I presume that when I stand this means I intend to ask a question. Since my good friend and colleague does not like to be interrupted may I tell him that he can say whatever he wants, even things to which I could take exception more without my interrupting him; if he wants to speak all by himself he is free to do so.

Hon. Mr. Langlois: I understand that the last part of this question of privilege was directed not to you, Your Honour, but to me and I wish to thank my honourable friend for the suggestions—

Hon. Mr. Flynn: Anyway I am going to withdraw.

Hon. Mr. Langlois: I see that my honourable friend is leaving the chamber and perhaps I will be able to continue to address the Senate in peace.

• (2150)

Honourable senators, I was just giving the background of the legislation now before us. This measure, as was pointed out tonight by Senator Choquette, originated with the creation of the Carter Commission in 1962. Moreover, as the Government Leader also reminded us tonight, that Commission was organized and established by the Conservative Government of the Right Honourable Mr. Diefenbaker. That might explain the ire of our honourable friends opposite, whenever they are reminded of that disastrous regime we had for several years in this country.

The work of the Carter Commission, which lasted several years, was followed by the production, by the Department of Finance, of the White Paper, which was thoroughly considered by the committees of the House of Commons and of the Senate. First, there was a report from the Standing Committee of Finance, Trade and Economic Affairs of the Commons, then the report on the White Paper from the Standing Senate Committee on Banking, Trade and Commerce. I am sure my honourable friends opposite have not forgotten the two volumes I have here and which stand as monuments to the untiring efforts and dedication of Senate and House of Commons members who participated in this remarkable study.

Following production of the reports I have just mentioned, the Minister of Finance introduced what has been described as the 1971 summary of the tax reform legislation. On July 12, 1971,the government tabled and gave for distribution Bill C-259, now before us.

Then there was the summer adjournment and, during those long summer months, all members of this House as well as those of the other place had every opportunity of studying this legislation.

When the houses were recalled in the fall, in September, the Government met with concerted opposition from all the Opposition parties in the House of Commons with the result that, facing this concerted opposition and looking back on several weeks of useless and often irrelevant debates, the Government decided, as was its right, to resort to a closure motion, commonly called guillotine. I know that some of our honourable friends in this house often referred to this procedure as being infamous and unworthy of a responsible government, but I shall merely point out to them that the so-called guillotine is a British device, whereas the filibuster, the practice in which they and their friends in the other house were indulging, is an American institution which has nothing British about it.

In view of the attitude of some members of the Opposition parties, who seem to have a marked dislike for anything American, I wonder how they agreed to use a formula as American as this in order to make their point before the House of Commons. However, I will leave this matter aside.

When the summary of 1971 tax reform legislation came before this house, the Senate realized immediately that this legislation could not receive proper consideration unless a somewhat unusual procedure—but one for which there were a number of precedents in the history of this house—were followed.

I was quite aghast while listening to Senator Beaubien—I am sorry he is not here tonight—say, as recorded on page 1608 of the English version of the official report of *Debates of the Senate,* of December15, from which I quote:

> If it is true that the Leader of Government (Hon. Mr. Martin) represents the Government in the Senate, it is also true that he represents the Senate in the cabinet, and in my opinion the Leader of the Government in the Senate should have known a month ago—

—a month ago, you will notice—

> —that the Senate would not be in a position to deal with this important bill in a dignified and sensible way should it come to us in Christmas week. After all, the leader owes something to the Senate. He could have taken the trouble to say to his colleagues in the cabinet, "Now, look, you have had this bill since June. If the Senate does not get it by December 8 it will not deal with it until the beginning of the new year."

The honourable senator had quite forgotten yesterday what happened here on September 14 last, when the Chairman of the Standing Senate Committee on Banking, Trade and Commerce brought forward the following motion which I quote from page 1246 in the English version of the official report of the *Debates of the Senate*:

[*English*]

> Hon. Salter A. Hayden, with leave of the Senate and notwithstanding Rule 45(1)(e), moved:
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and
>
> That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

[*Translation*]

Following that motion, Senator Hayden said further, and I quote from the same page of the *Debates of the Senate*:

[*English*]

> You will recall that the Government issued a White Paper proposing many tax changes or reforms, and in the House of Commons that White Paper was referred to the Commons Finance Committee, while in the Senate it was referred to the Standing Senate Committee on Banking, Trade and Commerce. Public hearings were held by both committees and in due course, on the determination of the hearings, a report was submitted by each committee. Subsequently the Government considered and reflected, and proceeded to draft what it felt would be the implementing legislation. I should say that in this summary of the 1971 tax reform legislation many of the recommendations made by your committee, and many of the recommen-

dations made by the committee of the House of Commons, have been recognized and incorporated.

[*Translation*]

Furthermore, on the following page, page 1247, the honourable senator went on to say:

[*English*]

> However, so far as Bill C-259, which has been introduced in the House of Commons, is concerned you may well say that it uses a great many words to reflect the opinions, judgments, and decisions of the Government concerning the form and the scope of the amending legislation. I have here a copy of the bill, and while it is true that it is printed on only one side of the page, nevertheless it runs to over 700 pages. Now when one is tackling such a massive job as this, I think it it is almost inevitable that it should take a very long time, and that there should be thorough and widespread consultation rather than having it confined within very narrow limits. I say this because we could arrive at a situation in which many things are introduced into the resulting bill which are not intended, while others bring about situations that are not intended, and while yet others do exactly the opposite of what was intended originally.

• (2200)

Hon. Mr. Choquette: Who said all that?

Hon. Mr. Langlois: Senator Hayden.

Hon. Mr. Choquette: Is it very long?

Hon. Mr. Langlois: It is too long for you, anyway.

Hon. Mr. Choquette: I always enjoy listening to him when he has something to say himself, but not when it is repeated by you or anybody else.

Hon. Mr. Langlois: Perhaps if it is repeated often enough, it will sink in and you will learn something. Then he went on to say:

> Furthermore, the language in the bill is quite a departure from the language of taxation legislation as we know it. As a result, the combination of all these things presents many difficulties.

He continued on the same page, and I am sure my learned friend will be following what was intended to be done at the time. He will find that away back in September this chamber fully realized and anticipated the situation in which we find ourselves today, and took steps to deal with the bill in the manner in which we are dealing with it today. This was agreed upon by all parties in this chamber, and I am going to prove it by quoting from this record. Senator Hayden went on to say:

> The thickness of this copy of Bill C-259 can be seen. It is important that we get to work as quickly as possible in order that we may make some study of the bill. I would like to be able to say that we can make a complete study, but that would be a vain hope, because for a number of years after this bill passes into law there will be annual presentations of amendments because of the interpretations of which the language is capable and which were not sufficiently thought out in those extended applications before the bill was passed. Yet, January 1 is the deadline.

[Hon. Mr. Langlois.]

And that was said on September 14, 1971.

> The economy and the revenues are geared to this bill, with its substantial provisions, becoming effective on January 1, 1972.

Hon. Mr. Choquette: Of course they become effective, but it does not say that that is the deadline.

Hon. Mr. Langlois: Is that a speech or a question?

Mr. Speaker, has the honourable senator the right to make a speech?

Hon. Mr. Choquette: Very well, may I ask a question? I take it you realize that what Senator Hayden said was that the deadline meant the effective date. Do you not think he meant the effective date was January 1? I suggest to you that he did not mean that everything had to be done—

Hon. Mr. Langlois: Is that a question?

Hon. Mr. Choquette: I am asking you a question.

Hon. Mr. Langlois: Will you please write it down and send it over to me?

Hon. Mr. Choquette: Do you want me to repeat it in French for you? Perhaps that will help you to understand it better. My question is quite simple. Do you suggest that Senator Hayden meant that nothing could be done after January 1?

Hon. Mr. Langlois: What he said I am going to repeat.

Hon. Mr. Choquette: I know what he said, but I am asking you for your interpretation of what he said.

Hon. Mr. Langlois: He said:

> Yet, January 1 is the deadline. The economy and the revenues are geared to this bill, with its substantial provisions, becoming effective on January 1, 1972.

Hon. Mr. Choquette: Does that mean everything concerning the bill should be ended before January 1? That is the question I am asking you.

Hon. Mr. Langlois: That is what he said, "substantial provisions". Is that language clear enough for you? It does not mean all provisions, but it does mean "substantial provisions" would become effective on January 1. When he said that the bill is geared to the economy of the country, that means something to me even if it does not mean anything to you.

Then he went further and added:

> Therefore, I think it is our duty, as best we can, to accommodate ourselves to that intention and plan. At the same time I think we should work as hard as we can to make it as effective and as easy of administration and understanding as is possible in the limited time available. You will not get perfection, but I think the result of the committee's sittings and conclusions will be to remedy many of the situations arising in the transition from existing law, through the decisions made in the summary to the implementation of those decisions in Bill C-259. We may be able to correct and adjust much that is in this bill that is not really intended and does not serve the purpose it was designed to serve.

Your leader, Senator Flynn, spoke after Senator Hayden on the same day, and this is what he had to say as reported on page 1248 of the record of this house:

HON. JACQUES FLYNN: Honourable senators, I do not hesitate in saying at once that I am in full agreement with the sponsor of this motion and the objectives he has indicated he has in putting this motion before the house.

At first, the idea of considering a bill which has not been passed by the other place may appear a little irregular, but we are faced with a very special situation. This bill, after all, follows the White Paper which was tabled about two years ago. It follows reports of a special committee of the other place and the Standing Senate Committee on Banking, Trade and Commerce. Therefore, it is not a problem of dealing with the principle of the bill, but really of finding out whether the conclusions of the Government following the White Paper, its criticism by the public in general and in the reports of the House of Commons and Senate committees are actually enacted in the manner indicated to be the wish of the Government. We are faced with a technical problem which is, as Senator Hayden said, very important.

Hon. Mr. Choquette: That is good.

Hon. Mr. Langlois: It is quite clear.

Hon. Mr. Choquette: Why do you not file the whole book?

Hon. Mr. Langlois: I think you do not understand it. Listen to your leader speaking again, as reported on the same page:

> Senator Hayden has indicated that the department—I suppose he refers to the Department of National Revenue—has realized after some consideration that amendments are necessary. I am personally quite convinced that the Standing Senate Committee on Banking, Trade and Commerce can help the department and the Government. I am even more sure that both the department and the Government need help in this respect.

And Senator Hayden said:

> May I answer a question which is inherent in what you said? There is precedent for this procedure in the Senate. It has occurred on at least three occasions since I have been here, one of which was almost parallel. This was done in 1945 when it appeared that the budget resolutions were never to become legislation and sent to this house. There was a resolution similar in wording to that which I put on the Order Paper tonight referring the bills arising out of the budget for examination and consideration by the Standing Senate Committee on National Finance.

He was followed by Senator John J. Connolly, who said:

> Let me say in the first place that it is heartening for parliamentarians who have given a great deal of work to a complicated problem such as that presented by the White Paper and earlier by the Report of the Royal Commission to know that their work was not in vain. Many parts of the White Paper and recommendations of the royal commission were strenuously contested during the committee hearings. The new Income Tax Act which has now been presented to Parliament in the other place generally has been applauded.

Hon. Mr. Choquette: Is this a filibuster? I ask that because they used to read dictionaries in the old days.

Hon. Mr. Martin: Honourable senators, I rise on a point of order. I am sure we want to listen to all honourable members in this house without interruption.

• (2210)

Hon. Mr. Choquette: I did not read on indefinitely.

Hon. Mr. Martin: I believe Senator Langlois is entitled to be heard regardless of the reaction of any honourable member opposite.

Hon. Mr. Choquette: You are killing time.

Hon. Mr. Martin: Surely the Senate is entitled to hear speeches without having to listen to interruptions such as we have been hearing for some time now from honourable members opposite.

Some Hon. Members: Hear, hear.

The Hon. the Speaker: Dealing with the point of order—

Hon. Mr. Flynn: Certainly the Leader of the Government interrupted me as often as he wished, and I gave him permission to question me any time he wishes. If an honourable senator has experience and control of himself, I think it is only fair that he should allow a colleague to put a question to him, especially when he quotes from part of a debate and distorts the meaning.

Hon. Mr. Langlois: I rise on a question of privilege and request that the honourable senator be ordered to withdraw his accusation that I have distorted the record I have been quoting.

Hon. Mr. Flynn: I have made the statement and I will stand by it.

The Hon. the Speaker: When the Leader of the Opposition said that honourable Senator Langlois distorted a statement did he mean that he distorted it deliberately?

Hon. Mr. Flynn: I said "distorted." I did not use the word "deliberately."

The Hon. the Speaker: Honourable senators, I wish to dispose of this question. I have examined the rules and they provide for the taxing of remarks. I have to use my judgment, of course, especially in a case such as this where there has been a heated debate. If the Leader of the Opposition (Hon. Mr. Flynn) had used the word "deliberately", I would have had to ask him to withdraw his remark. However, I am sure this was not the case. Returning now to the original point of order, I feel it is the desire of all honourable senators to proceed as orderly as possible. When honourable senators on both sides keep making interjections from their seats, it becomes impossible for me to follow what is going on.

It has been the practice here that when a senator has the floor he is not to be interrupted unless another senator rises on a question of privilege or a point of order or to obtain permission to ask a question. The senator addressing the house might well decline to have the question put, or he might allow the question to be put and indicate that he will answer it at the end of his speech or on some future occasion. In such an important debate as this, the Chair needs the full co-operation of all honourable sena-

tors so that we may proceed as orderly as possible. I give the floor to the honourable Senator Langlois.

Hon. Mr. Choquette: To continue reading.

Hon. Mr. Langlois: Honourable senators, I will not insist that the Leader of the Opposition withdraw his unparliamentary remarks. I feel he has sufficiently demonstrated his lack of gallantry.

Hon. Mr. Flynn: I rise on a point of order. I feel Your Honour has disposed of this matter and if the honourable senator wishes to rise on this question again I will have something further to say. If he is not satisfied with Your Honour's ruling, that is his problem. The honourable senator has said that I made an unparliamentary remark, and this is not true.

The Hon. the Speaker: Order please. I am now addressing myself to the Leader of the Opposition. He may use any words he wishes as long as they are not construed to be unparliamentary. Once before this evening I decided that certain words are not unparliamentary. Of course, we must accept the situation that the same kind of remark might have been made from the other side. I must confess I did not hear the last comment Senator Langlois made. I would ask him to proceed, and if he wishes to repeat what he said I can decide on the nature of his remark.

Hon. Mr. Langlois: I am quoting from honourable Senator Connolly's remarks as they appear at page 1249 of Senate *Hansard* of September 14, 1971:

> The bill is to come into effect at the end of this year and it would be impossible for the House of Commons to deal with the matter in the normal course and pass it on to us for approval. It would reach the Senate in the dying days of the session, before the Christmas adjournment and we could not possibly give it any kind of consideration. We could hold it over to another session; we have that authority or veto power. However, I do not consider that to be a desirable exercise to contemplate. Senator Hayden suggests in this regard that the rules of Parliament be used with ingenuity. He is making the parliamentary process adaptable. He is making it come alive. He is making it serve the country, and he is allowing us and Parliament to get around the dead letter of the law.

In reply to remarks made by Senator Hayden and Senator Connolly (Ottawa West), Senator Walker, as reported on page 1249 of *Hansard*, said this:

> Honourable senators, Senator Connolly (Ottawa West) has really made the point that I had in mind. If the Chairman of our Banking, Trade and Commerce Committee had not taken the initiative the committee would never have had the opportunity of examining this voluminous bill.

• (2220)

> How often have we received legislation which has been delayed in the House of Commons and which arrives here too late for us to give it full consideration? It may be that the other place is anxious to adjourn. By doing this at the opening of the session the House of Commons will come to look forward day by day to the deliberations of our committee. They really do look to this committee for enlightenment on bills of this kind. Without being political at all, I would like to pay my tribute to the greatest chairman this committee has ever had, the honourable Senator Hayden.

[The Hon. the Speaker.]

As I said before I started quoting from the *Debates of the Senate* of September 14—

Hon. Mr. Choquette: Did he say anything also in May that you could read into the record?

Hon. Mr. Langlois: I know that you do not like to be reminded of what you have said earlier in this chamber, because you change your mind every day.

As I said when I was interrupted, all parties in this chamber understood as early as September 14 and anticipated the situation we were to run into, which is the present situation. Everyone agreed on that day to proceed in the way we have proceeded, by referral of the tax reform legislation to the Standing Senate Committee on Banking, Trade and Commerce for advance study. This was done, and today my friends have changed their minds. It is too bad, but the Senate has set a course and we must follow it through.

Hon. Mr. Flynn: I rise on a point of order. Mr. Speaker, there is a rule that a speaker cannot be interrupted except for correction of a misinterpretation of a speech. I say that Senator Langlois is putting a wrong interpretation on the speech I made on that date. It does not mean that I was prepared to receive the bill on December 17, and have it assented to before December 31.

I made my point in accordance with the rule.

The Hon. the Speaker: On the point of order, the Leader of the Opposition was entitled under the rules to give his interpretation.

Hon. Mr. Flynn: That is right.

The Hon. the Speaker: He has done so now, and I give the floor to the honourable Senator Langlois.

Hon. Mr. Langlois: Honourable senators, I will let the record speak for itself. It is quite clear and a good indication of what was realized at that time by all honourable senators.

Hon. Mr. Grosart: What does it matter? The amendments are not in the bill. While the honourable senator is finding his place, would he permit a question?

Hon. Mr. Langlois: You ask your question after I am through.

[*Translation*]

This was the procedure agreed upon by the Senate on September 14, 1971, to the full knowledge of all honourable senators. As I said in English earlier, we cannot now alter this course of action which was unanimously adopted by the Senate itself on September 14, last.

Following this motion, the Senate carried out a study for over three months on the tax legislation and suggested many amendments. It was content with making suggestions because, as all honourable senators realize, and not being legislatively seized of this measure, it could only make recommendations. As stated by the Minister of Finance himself before the Senate committee on Monday, December 13, 44 of these recommendations, of these sug-

gested amendments, have been not only accepted but incorporated into this legislation.

I think this is an undisputable reply to the argument raised by several honourable senators opposite to the effect that this measure was to be rammed through without the Senate having the opportunity to study it carefully.

Incidentally, I was quite surprised yesterday to hear Senator O'Leary—and I regret that he is not in his seat at present—mentioning external forces which would have imposed a deadline on the Senate. He was speaking in English and I will quote a few notes I took while he was speaking.

[*English*]

No outside force should impose a deadline to the Senate.

[*Translation*]

He also referred in this same speech to the pipeline debate of 1956, and compared the two. Finally he added—much to my dismay—that not only had Mr. Benson given the Senate committee no assurance as to the future introduction of a bill to amend Bill C-259 but he had made no reference whatsoever to the Senate when talking about amendments.

I know I will again spread great confusion and probably draw shouts of protest from my honourable colleagues opposite when I quote what was said by Mr. Benson on Monday when he paid a visit to the Senate committee.

I shall first quote from page 51:32 of the proceedings of the Senate Committee on Banking, Trade and Commerce of December 13, that is last Monday. Here is what the Honourable Mr. Benson said at the beginning of his remarks, and I quote:

[*English*]

> Gentlemen, firstly, in appearing here today at the request of Senator Hayden it is not my intention to make a general or lengthy statement. I will appear again before the Senate when the bill is officially in your hands next week, if you so desire. At that time, if you so wish, I will make a longer statement.
>
> Now I would like to indicate the appreciation of the Government and, indeed, of myself for the work done from the beginning by this Senate committee on the tax legislation. Relating the reports produced by the committee with respect to the White Paper on Taxation to the budget of June 18, if I recall correctly, some 44 recommendations of the Senate committee which were adopted in Bill C-259. Since debate on the bill commenced in the House of Commons this fall, the Senate has been considering the subject matter and has so far made two reports. We have studied these very carefully, and have made certain amendments in the House of Commons. I think of such amendments as those with respect to credit unions and co-operatives, as well as a great many other technical amendments, as being in conformity with the suggestions of this committee. I would like to repeat that your recommendations have been very helpful and will be the subject of our continuing study. An amending bill will be introduced next spring as, indeed, there always is an amending bill to a taxation statute. There has been one every year since 1918, when income tax was first imposed in Canada.

• (2230)

The following appears on page 51:32 of the committee's proceedings:

> THE CHAIRMAN: You do not want to tie the amending bill to budget time?
>
> SENATOR BEAUBIEN: No.
>
> SENATOR MOLSON: No, and we do not think it should be necessary to wait so long.
>
> HON. MR. BENSON: If you want a better definition I will bring in an amending bill, but I cannot promise I will have the amending bill by the end of January or the end of February.
>
> SENATOR MOLSON: Bring it in at the earliest possible date.
>
> SENATOR BEAUBIEN: That is all we ask you, Mr. Minister.

[*Translation*]

As you can see, Senator Beaubien was speaking on behalf of his party, I hope, and he would have been satisfied with an assurance that the bill to amend the bill before us would be dealt with during the course of the next session.

Hon. Mr. Flynn: Senator Beaubien is not here.

Hon. Mr. Langlois: Well, I am quoting his words and the record—le record—is there, he can refute it whenever he likes.

Hon. Mr. Flynn: You mean the official report—le compte rendu.

Hon. M. Langlois: That, I presume, is another point of order, Your Honour.

Hon. Mr. Flynn: No, no, I am correcting your French.

Hon. Mr. Langlois: I come now to what Senator O'Leary had to say, speaking before the committee, on page 51:35, and I quote:

[*English*]

> SENATOR O'LEARY: Mr. Chairman, am I right in saying that what the minister has said to us today, and that all he has said to us, is that at some unspecified date in the coming year he will bring in an amending bill under the budget, and he may or he may not incorporate in that amending bill some of the amendments which your committee has suggested? Is that correct?
>
> HON. MR. BENSON: I think it has gone further than that. I indicated in the House of Commons on Friday, and again here today, that I will incorporate some amendments.

On page 51:36 it continues as follows:

> HON. MR. BENSON: Some of the amendments recommended by the Senate. I have also indicated that we will move forward with all due dispatch to examine the more complicated suggestions which the Senate, as well as others, have made, and produce new legislation in the form of an amending bill. Now, I cannot say whether that is going to be introduced in January or February; but we will move forward just as fast as

we can in order to produce legislation. The only reason this got tied up with the budget is that if you make substantial changes in the House of Commons, under our procedure, I normally introduce it in the form of a budget.

[*Translation*]

As I said awhile ago, what the Honourable Mr. Benson stated before the Senate Committee on Banking, Trade and Commerce has been definitely and clearly acknowledged as an assurance that a bill amending the legislation now before us would be promptly introduced during the next session and that such bill would incorporate some amendments suggested by the Senate. Whether it is called a commitment, an assurance or a statement, it matters little. A senior minister of the Crown, the Minister of Finance responsible to the country gave those assurances, made those commitments on behalf of the Government of Canada—and Senator Beaubien said he was satisfied, according to the record which I have here, that is the record of the Senate Standing Committee on Banking, Trade and Commerce.

I would now like to state briefly the advantages resulting from the legislation now under consideration.

[*English*]

The other day, when the Chairman of the Standing Senate Committee on Banking, Trade and Commerce spoke in this place, he referred to some of the goodies in the bill:

1. One million Canadians are removed from the tax rolls of this country;

2. 4,700,000 Canadians will pay less tax after the legislation has been passed by Parliament;

3. The tax burden is spread so as to include persons benefiting from capital gains. The tax load is no longer concentrated solely on salary and wage earners, professionals and businessmen;

4. A fair deal to the mothers will be provided because it permits deductions for child care expenses;

5. It is much fairer to those mentally or physically handicapped or disabled, in permitting deductions of expenses for the care and training of such persons;

6. Existing exemptions to the elderly will be increased and applied at age 65, instead of age 70 as at present;

7. Members of the labour force will benefit from broad exemptions of expenses in moving themselves or their families to another part of the country to accept new jobs, and expense allowances in respect of special clothes, books, and tools required for a job will be permitted, thus placing the working class on an even footing with the self-employed in Canada;

8. Substantially increased deductions for contributions to retirement plans will raise the level of personal savings available to finance capital investments in Canada;

9. Foreign investment of pension plans, deferred profit-sharing plans, and registered retirement savings plans may not now exceed 10 per cent of the assets if those plans are to qualify for tax-free treatment, and this figure of 10 per cent will also be raised. This change will channel millions of dollars into Canadian investments;

[Hon. Mr. Langlois.]

10. The progressive reduction of the general corporate tax rate from 50 per cent to 46 per cent in 1976 will bring this tax down to a level below that in the United States, our main competitor;

11. Small businesses will be encouraged by making the lower tax rate available to Canadian-owned companies, and by penalizing non-resident control;

12. Capital losses will be set off against gains and not lost totally as in the past.

I regret that I must end with the thirteenth.

13. An improved dividend tax credit will be an added incentive for Canadians of modest income to invest in Canadian corporations.

Finally, once again let me remind those who still claim that this bill is being rammed through Parliament of the enormous studies made by various bodies, such as the Carter Commission, and the committees of both houses who have worked tremendously hard on this piece of legislation. Let me also remind honourable senators of the work of the Standing Senate Committee on Banking, Trade and Commerce in connection with the White Paper; of the fact that some 49 days were devoted by the other house to the consideration of the legislation; and of the fact that copies of the present bill, as both the Leader of the Government and I have said, have been distributed and available to both houses for study and consideration since July 12 last.

• (2240)

Hon. Mr. Belisle: Honourable senators, I notice that it is now 10.30. I shall need about an hour if I go ahead.

I am willing to proceed, but perhaps it would be best to adjourn.

Some Hon. Senators: Go ahead.

Hon. Mr. Belisle: I move adjournment of the debate.

Hon. Alan A. Macnaughton: Mr. Speaker, I believe I rose first. As a matter of fact, I rose ahead of the honourable Senator Langlois but, out of courtesy to the Deputy Leader of the Government, I sat down. I certainly want to be heard tonight because it will be impossible for me to be here tomorrow.

Hon. Mr. Belisle: I will yield to the honourable senator.

Hon. Mr. Macnaughton: That is in the best senatorial tradition. Thank you, Senator Belisle.

Honourable senators, the bill before us has been described in glowing terms. It was my intention to quote a few remarks from the other place in the spirit of levity, as we have heard tonight expressed by the honourable Senator Choquette, to, perhaps, amuse you. However, because of the lateness of the hour, I will get right to the meat of what I wish to say.

This statement was made in an editorial in the Montreal *Gazette* on Thursday, December 16, 1971:

> It is manifestly impossible for the senators to give the bill the study it deserves in the few days left them. The choice before the Senate, then, is to either hold the bill over, making time for that study, or to rubber stamp it.

What are the facts? Let us consider the Senate's record. First of all, tax reform has been under discussion for nearly ten years. It started with the Carter Commission. Secondly, the Government issued its White Paper. Thirdly, the White Paper was referred by resolution of the Senate on November 19, 1969, to the Standing Senate Committee on Banking, Trade and Commerce. Fourthly, that committee sat from January to June in 1970, and during that time it received and examined briefs from 118 companies, organizations or individuals. In addition, the committee received 225 briefs which, while not heard by the committee directly, were examined by its staff. Fifthly, in September 1970, the committee submitted its report on the White Paper proposals for tax reform.

Finally, on September 14, 1971, this honourable house moved that the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the summary of 1971 tax reform legislation, and any bills based on the budget resolutions in advance of the said bills coming before the Senate.

This was an extraordinary and historic procedure. For the first time since Confederation the Senate took advantage of the tabling of a draft bill in the other place—this was in June—and even before the draft bill reached the Senate it was sent to our Committee on Banking, Trade and Commerce. In effect, the Senate was the only instrument of parliamentary government that legitimately provided a means whereby the views of the public could be expressed on a draft bill.

As a result of this historic and unique move our committee brought into focus a series of suggested amendments, traceable to leading institutions or companies in Canada. As examples I need only refer to the Canadian Bar Association, the Canadian Institute of Chartered Accountants, the various mining companies, paper companies, charities, co-operatives and credit unions. In a sense we were x-raying the anatomy of the country through the representations made to us.

As a consequence of the committee hearings, two early reports called Preliminary Report No. 1 and Preliminary Report No. 2 were tabled in the Senate on November 4 and November 30, 1971, respectively. A statement setting out a list of technical changes required in Bill C-259 in order to clarify or correct the language of many of the provisions was attached to our third and final report.

When the Government officially announced that it would terminate debate in accordance with the rules of the other place, the chairman of our committee, Senator Hayden, contacted the Minister of Finance and obtained a commitment—perhaps not as extensive and satisfactory as one would like—that the recommendations of the Senate committee would receive consideration.

On Friday, December 10, the Honourable Mr. Benson, Minister of Finance, made the following remark in the other place:

> Next, Mr. Speaker, I wish to pay tribute to the members of the Senate Committee on Banking, Trade and Commerce who submitted a comprehensive report in the fall of 1970. About 50 of the measures contained in the legislation are the same or similar to the recommendations of that committee. That committee has also held hearings this fall while the bill has been in the committee of the whole in this house, and it has issued two reports which will be given serious study by the Government.

Later on a list of top priority items among the recommendations in the two committee reports were submitted to the Minister of Finance, together with amendments which would incorporate their substance.

Last Monday, December 13, the Minister of Finance appeared before the committee and again, in my opinion, gave a commitment, in so far as he was able as a minister of the Crown, that within the next three or four months he would introduce considerable amendments to the present bill, and carefully consider the committee's recommendations in respect thereto.

It is, therefore, manifestly absurd to say that no detailed consideration has been given by the Senate to the tax reform legislation; that we are rubber-stamping it without any consideration of its contents. On balance, the Senate has made a very careful study of this legislation and has brought forward a series of recommendations which we hope will be considered in depth.

At this time I would point out two dangers to parliamentary government which, in my opinion, are demonstrated by the debate on Bill C-259.

Time allocation is part of our every day life. Without it we could not get through our work. I am in favour of time allocation by agreement. As a matter of fact, I tried to provide for it in the rules of the other place for many years. No minority should be allowed to unduly obstruct the business of the properly elected government, yet the use of closure, or procedures akin to it, usually creates more trouble than it cures. Closure should be a measure of last resort.

When a tax bill is incomprehensible to a large number of members, and, when the different clauses are not fully debated, it seems to me that great care should be taken before it is adopted under pressure. New procedures may have to be developed to avoid this sort of situation in the future.

The second warning I wish to give is that at the present time there is more than enough uncertainty and unrest in the economic world, and the business world, and among the people generally. To some extent this uncertainty has been caused by trying to do too much too quickly. Many persons claim the uncertainty is created by the Competition Bill, the proposed labour amendments, the many activities and apparent trends of the Consumer and Corporate Affairs Department, and the confusion in regulatory matters in the communications, energy, and transport fields. And now there is this tax reform bill. Perhaps this results from our increasingly complex society which is reflected in increasingly complex legislation.

• (2250)

What is our record? The Standing Senate Committee on Banking, Trade and Commerce has for more than two years carefully considered the tax reform measures. The committee, with the consent of this house, has created historic precedent by providing a public forum for any citizen, company, or interested party to present his case, during the time the bill was being considered in Committee of the Whole in the other place. The Senate has, in

effect, issued four reports: one on the White Paper, and two preliminary reports and one final report following its recent hearings into the draft bill. There are four detailed reports in all.

The Minister of Finance has recognized the usefulness of the Senate committee work, suggestions, and proposed amendments. He appeared before the Standing Senate Committee on Banking, Trade and Commerce on Monday of this week, and in effect gave a commitment to review and bring in amendments at the earliest possible date.

I believe the Senate has carried out its duty fully, and in a commendable way. I believe the practical way to operate now is for the Senate to pass this bill, thereby reducing some of the uncertainty that exists at this time, and then at the first opportunity in the new year to examine in detail the amendments that the Minister of Finance has promised to bring in. To use his own words on December 10 as reported in *Hansard* of the other place, he said:

> As honourable members know the bulk of these provisions do not come into effect until 1976, and none of the important changes come into effect until 1973. Therefore, there is plenty of time to make changes if circumstances warrant.

Further on he said:

> The only way the imperfections in this legislation will come to light is through the actual experience of taxpayers and their advisers reading and using the new act in relation to particular transactions and situations.

Canadians generally want some of the present uncertainty resolved. For the Senate at this time to create a political, constitutional crisis by refusing to pass the bill would result in great confusion. In the present economic circumstances this would be both irresponsible and dangerous. Let us stop this uncertainty. When the amendments come forward in the first four months in 1972, after some practical experience in operating under this legislation, we will be in a much stronger position to bring our experience, power, and influence to bear in an endeavour to get a better tax law for Canadians.

Hon. Mr. Flynn: Will the honourable senator permit a question for purposes of clarification? Do I infer from his conclusion that sufficient study has been given to this bill in committee, and that we would serve no purpose in referring it back to the committee?

Hon. Mr. Grosart: Referring it to the committee.

Hon. Mr. Flynn: Or referring it again to the committee.

Hon. Mr. Macnaughton: My own personal opinion—and, of course, it has to be personal—is that the Senate, in rendering four reports to this house, in considering the various tax reforms, has had some influence on the Minister of Finance, because he has admitted making at least 50 changes. At this stage we will not advance the cause of proper tax reform by spending more time in committee.

I think the people of this country want something definite. Those who operate companies and those who have financial responsibilities want to know where they stand. We cannot go on waiting for this bill to be considered again before it is passed. It is important for the industrial security and advancement of this country to have something concrete, good or bad—and the whole bill is not necessarily bad. I have been told by people of authority that at least two-thirds of the previous Income Tax Act has been incorporated in the present bill. There are changes, of course, to bring the act up to date.

The uncertainty in the country is causing people to demand that we get on with this thing; that we work with it for three or four months, with the assurance of the minister, which he gave in committee, that he will very carefully consider the proposed amendments. If he does not, then we can go to town with the benefit of some experience.

Hon. Mr. Bélisle: Honourable senators, I now move that the debate be adjourned.

Hon. Mr. Martin: We are all grateful to Senator Belisle. I know Senator Macnaughton had to make his speech tonight because of a pressing personal situation. I want Senator Bélisle to know that what he did is appreciated, and I take it that tomorrow he will be first on the list. There are a number of other honourable senators who wish to speak.

On motion of Hon. Mr. Bélisle, debate adjourned.

The Senate adjourned until tomorrow at 11 a.m.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Superintendent of Insurance for Canada on Small Loans Companies and Money-Lenders licensed under the Small Loans Act for the year ended December 31, 1970.

Report on the administration of the Industrial Research and Development Incentives Act for the fiscal year ended March 31, 1971, pursuant to section 17 of the said Act, Chapter I-10, R.S.C., 1970.

INCOME TAX ACT

PROCEDURE FOR DEALING WITH BILL IN THE SENATE—QUESTION

Hon. Ernest C. Manning: Honourable senators, I would like to ask a question of the Government Leader in the house, which I hope he will feel free to answer. It would be very helpful to all of us in our debate of Bill C-259 if we could be made aware at this time of the intention of the Government with respect to the procedure from here on.

If the bill is to be referred back to committee, it would seem to me desirable that our debate should be minimal at this stage in order to allow sufficient time for dealing with it in committee and with any amendments that may come back to the house. On the other hand, if it is not the intention of the Government majority in this house to permit the bill to go into committee or to permit any amendments to the bill in committee, this debate, in general terms, will be the only debate on the entire bill, because we would not be dealing with the bill clause by clause in committee or with proposed amendments to the bill.

It would be very helpful, as a guide to the form of our debate, if we could know whether it is the intention of the Government majority to refer the bill back to committee. If that is the intention, is it their position that no amendments will be made to the bill in committee?

Hon. Orville H. Phillips: I do not wish to enter into an argument with Senator Manning at this time. However, I noted that he kept referring to the bill being referred back to committee. On a point of order, the bill has not yet been referred to committee. We received it only last evening. It has never been referred to a committee of this house.

• (1110)

Hon. Mr. Manning: Perhaps I did not make myself clear. I quite appreciate the fact that the final bill has not yet been referred to committee. However, as all honourable senators are well aware, we have had three months of discussion in committee with respect to the draft bill.

Technically speaking, my friend, Senator Phillips, is quite correct. I am asking the Leader of the Government whether it is intended that this bill be referred to committee. If that is not to be the case, then our debate is limited to the generalities of second reading.

The second part of my question to the Leader of the Government is this: If this bill is referred to committee, is there any possibility of the Government and the other place accepting amendments thereto?

Hon. Mr. Martin: I am grateful to Senator Manning for his question. The question that he asks has been very much in my mind. As an individual senator I am anxious to know the course that will be followed, but whatever course is followed is one which, of course, the Government will accept.

I do not believe it is possible to arrive at a decision until we have heard more speeches in this debate, but referring the bill to committee should be the course followed. This house is master of its own destiny. It is up to all honourable senators to decide which course they wish to follow. The normal practice has been to send bills to our standing committees. If the house wishes to maintain that practice, that decision will be respected, but we will have to wait until we know what honourable senators propose. There certainly will be no objection on the part of the Government if this course is followed.

Hon. Mr. Manning: A supplementary, honourable senators. I do not want to precipitate a debate or argument on this question. I am quite sure my honourable friend, the Leader of the Government, is aware of the intentions of that side of the house.

I am quite sure he did not introduce this bill without knowing what his supporters in this house would do in respect of any proposed amendments. I wish to know whether or not amendments to this bill are going to be entertained. He may not feel free to indicate that, but surely the Leader of the Government knows whether it is the intention of the Government majority to accept any amendments to this bill in light of the position of the Government and the other place.

If they are not going to accept amendments, then I suggest we should be made aware of that now so that our debate can be directed to greater detail of the bill than would otherwise be the case.

Hon. Mr. Martin: I cannot add anything more to what I have already said.

Hon. Mr. Choquette: Louder, please; this is important.

Hon. Mr. Martin: If I reply to the honourable senator's question I would then be accused, as I have already been, of exerting undue pressure. I am not going to indicate anything that in any way can be regarded by any honourable senator as a circumscribing act.

After reading some of our newspapers I feel that the real pressure being exerted on this chamber is from the outside.

Some Hon. Senators: Hear, hear.

Hon. Allister Grosart: I have a supplementary question for the Leader of the Government. I will preface it by commenting on his last remark with which I agree. There is pressure from outside this chamber.

My supplementary is this: Would the Leader of the Government not follow the normal practice this time of indicating whether, as sponsor of the bill, it is his intention on conclusion of second reading to move that the bill be referred to committee?

I will not ask the leader to answer the second part of Senator Manning's question, good question though it is. It is not normal for the sponsor of a bill to answer such a question, but I suggest to the leader that it is normal practice in this house for the sponsor of a bill to indicate, at the time he introduces a bill or in answer to a question such as Senator Manning's, whether it is his intention to move, as sponsor of the bill, that it be referred to committee, the decision, of course, to be left in the hands of the Senate. I suggest that at this time it is very likely that the Leader of the Government knows what his intention is, and that is all I would ask him to be positive about at this moment, because it will help the course of the debate.

Hon. Mr. Martin: Senator Grosart is always disposed to be helpful, but the normal practice, if I may suggest, is to indicate after debate on second reading is over what it is proposed to do.

Hon. Mr. Grosart: No.

Hon. Mr. Martin: Well, I say that is the normal practice, in my judgment. As the representative of the Government I will, of course, accede to any request of this house, and if it is indicated that this bill should go to the committee, that will be the view I will take.

Hon. Mr. Phillips: The Leader of the Government in the Senate (Hon. Mr. Martin) referred to certain outside pressures. I presume he is referring to those that come from the other place and the East Block, as well as newspaper editorials.

Hon. Mr. Martin: No, I was not referring to the other place. That would be impertinent for a member of this house. I was not referring to what had been said in the other place. I do not think it is proper for us to refer to what goes on in the other place, and I think it is wrong for members of the other place to make references to our deliberations and our course of action. I was referring to the editorial I saw in the *Gazette* this morning. That paper has a right to publish what it wishes. The other day it had a story that pressure was being exerted on this house. I raised that on a question of privilege and stated that there was no foundation for that story. Their story was carried on the front page. Senator Molson called me last night from Montreal to tell me that he saw that our denial appeared on the last page of the *Gazette*. I am objecting to that kind of pressure.

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Martin for second reading of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act.

[The Hon. the Speaker.]

Hon. Rhéal Belisle: Honourable senators, Judge Learned Hand, one of the finest legal minds in the United States in the twentieth century, once said of an income tax act:

> In my own case the words of such an act as the Income Tax Act—merely dance before my eyes in a meaningless procession—cross-reference to cross-reference, exception upon exception, couched in abstract terms that offer no handle to seize hold of—leave in my mind only a confused sense of some vitally important, but successfully concealed, purport, which it is my duty to extract, but which is within my power, if at all, only after the most inordinate expenditure of time. I know that these monsters are the result of fabulous industry and ingenuity, plugging up this hole and casting out that net, against all possible evasion; yet at times I cannot help recalling a saying of William James about certain passages of Hegel: that they were no doubt written with a passion of rationality; but that one cannot help wondering whether to the reader they have any significance save that the words are strung together with syntactical correctness.

• (1120)

Although Judge Learned Hand uttered these words many years ago, they are perhaps an appropriate description of the tax reform legislation before us now. One cannot help but relate this feeling of frustration, so admirably expressed, with that which has confronted most tax specialists who have attempted to discover what the new legislation means.

At this late stage it is still not clear whether the public is being proposed to or propositioned—the difference between the two is largely a matter of style. Whether the bill lacks style or sets a new one remains to be seen, but, if anything is certain, it is that one of the most difficult tasks is not to interpret what the bill does say but rather what it does not.

The bill is a massive document which, to this day, no tax expert fully comprehends. It has already been amended four times. In addition, further amendments are necessary, as indicated by the Minister of Finance, especially to the section dealing with international income, generally referred to as the FAPI income.

The bill also requires many technical amendments. The minister stated that this will be done in the years to come. Therefore, the legislation in Bill C-259 is legislation which is incomplete.

The Standing Senate Committee on Banking, Trade and Commerce has made three reports to this chamber in which many amendments are proposed. This committee spent approximately three months interviewing knowledgeable witnesses. But to this day, it remains doubtful if those senators who sat through these deliberations fully grasp all the ramifications of this bill. The Government demands of this chamber that the bill be passed in a few hours or in a few days at the most.

The Senate is to be required, according to the timetable established by the Government, to study and pass upon this Bill C-259 by December 31. Honourable senators will

recall that this bill was read the first time in the House of Commons on June 30, 1971, and those senators who read it know that it then contained 707 pages. The size has increased. The edition we received yesterday evening contains 739 pages—and we are told that this must be passed by December 31.

It is manifestly impossible for the senators to give the bill the study it deserves in the few days that are left to them. The choice before the Senate, then, is either to hold the bill over, taking the time necessary for proper study, or to rubber stamp it. The latter course would be a denial of the obligation imposed on the Senate under our system of government. The Senate was established as a chamber to review, and to challenge as necessary, legislation emanating from the Commons. It was established as a check on the actions of an arbitrary majority.

The Government has three times resorted to closure in its efforts to ram this tax reform through the Commons against all the dictates of common sense and over the opposition of the provinces. The arbitrariness of the majority is the issue here. The Minister of Finance asked that we pass this bill and he promised to consider our recommendations with a view to incorporating them in future amending legislation. Well, I will just repeat what was said last night: A pat on the head is what we were given. This type of condescension is loathsome. Moreover, to see our Senator Hayden fall for it was extremely disappointing.

We must discuss the policy behind this bill and do so thoroughly. It is not enough to achieve equity in taxation, if it is brought about at the expense of reduced economic growth. We cannot afford to frustrate to any degree the initiative of industry or the initiative and ambition of our entrepreneurs who make increased economic growth possible. We must remain competitive in world markets so that our products may be exported. From the point of view of taxation and otherwise, this requires a cost level in Canada which will permit the establishment and maintenance of such a competitive position.

We must make sure that the Government is fully conversant with the fact that Canada's economic system is based upon competitive enterprise and that this awareness is mirrored in the legislation now under discussion.

Our free enterprise system, which affords maximum individual freedom, encourages the exercise of individual initiative. The broad dispersal of decision making and the most economic allocation of human and material resources must be preserved.

A market economy promotes dynamic economic growth and a steady rise in living standards. One of the major roles of government in such a system is to maintain an equitable and favourable climate for private action. Contrary to what is expressed in this bill, the role of the Government is most assuredly not to attempt to exercise ever increasing control over the economy. Nor is it the Government's role to enter into direct competition with the private sector. This is aberrant behaviour for a government and I intend to see us go through this bill and make sure that it is not the flesh covering a statist skeleton.

• (1130)

The operation in Canada of the competitive market economy, motivated by opportunities for profit and the dangers of loss, is responsible in large measure for the improvements in social and living standards which have been achieved over the years.

The competitive enterprise system develops maximum managerial capabilities, the technical knowledge, operating skills and competitive attitudes required for sound growth. The profit motive exercises a determining influence upon the use of resources, the level of savings and the volume of investment; it compels private enterprise to operate efficiently.

There is ample evidence of the fact that far too large a proportion of Canada's present and future business activity derives from federal spending rather than soundly-based growth in the private sector. This worries me and it should worry every senator.

We owe it to the free enterprise system that built this country to make sure that this tax reform legislation does no violence to the principle of free competitive enterprise. Government must be properly cast in the role of referee, the enforcer of contracts, the originator of ground rules devised to facilitate commercial transation and to ensure fair and honest dealing.

This country's first economic objective should be prosperity for everyone. This can be achieved only through the generation of the maximum amount of wealth. But the reading of this bill leaves me with the distinct impression that the emphasis this Government has placed on equity is unfortunately in direct conflict with the need for priority to be given to generating real wealth if Canadians are to have reasonable living standards.

In Canada, we have moved significantly to a government-oriented economy in the last decade, and this has substantially contributed to the inflationary crisis. Countries whose policies are investment-oriented are rapidly gaining in the world's economic race. Countries which have too long been consumer-oriented have undergone recurring monetary crises. The lesson to be learned from all this is plain enough—the private sector must be permitted to expand; the public sector forced to contract.

Certain sections of this bill are definitely in conflict with this principle and they must be remedied.

Technological development since the war has proven that economic expansion and rising living standards are achieved through sharply rising investment of capital. So Canada, to grow, must follow policies which will channel the greatest possible share of her national income to savings for investment and a reasonable amount to consumption to allow living standards to rise progressively.

I am far from convinced that this bill encourages savings for investment. I rather see it as discouraging savings for this purpose.

This bill also indicates an extensive shift of the tax burden on to the middle and upper bracket taxpayers. It is a known fact that this group accounts for virtually all our savings, and the combination of the outright tax increase with this shift of burden would have a most adverse effect upon total national savings.

Honourable senators, this bill is increasing Government burdens on Canadian business, and it is reducing the savings potential of Canadians. This can hardly be considered in keeping with our national objective of increasing investment and thus employment and incomes for Canadians.

The Robin Hood theory of taxation is quite manifest in this legislation, and we have no sympathy with it. Coercive redistribution of income with a perfunctory and hypocritical genuflection at the altar of so-called equity is totally unacceptable as a guideline principle. Only real economic growth can help the poor.

Government's attempt to hand out higher incomes without the assurance of real economic expansion as a base can only give rise to inflation, destruction of monetary unit values, unemployment—and I believe everyone agrees we have had enough of that—and disaster for the very people it is designed to assist.

I am pleased to note that the honourable Leader of the Government is listening with attention to me. I thank him for his attention because I am about to refute his thesis which he so eloquently presented to us last evening.

In the end, it is always the poor who suffer most from inflation and this is the future we are guaranteeing them if we pass this bill without amending in part its very soul. To help our less fortunate, to offer employment opportunities to our fast-growing work force, and to raise living standards for all Canadians, we must have economic and fiscal policies which favour savings and investment by Canadians.

Let me now take a closer look at this bill and see exactly what it does for the average citizen. To begin with, the 3 per cent surtax will not apply in 1972. There is nothing to get all fired up about there. The surtax was a tax on tax, not a tax on income, as such. Consequently, its effect on income retention by individuals ranged from nothing up to a maximum, for practical purposes, of about 1½ per cent. Very few Canadian taxpayers will receive an increase in their income of more than one-third of 1 per cent, or about $3 for every $1,000 earned.

• (1140)

The removal of this surtax will allow for about three weeks' inflation, at the present rate. In other words, if you do not receive an increase in income within three weeks of this bill's becoming law, you will be back to where you were before the surtax was removed.

Canada's rate of inflation is often as high as 6 per cent and is rarely lower than 3 per cent a year. Because of inflation, the Government receives what is called a "fiscal dividend." As incomes increase to meet cost inflation, taxpayers move into a higher tax bracket, without any increase in their real income. By so doing, they pay more tax on the same "real" income. Thus, the Government collects more tax every year, without having to raise tax rates and lose votes. The Government can appear, as is the case with this bill, to be lowering taxes when, in fact, due to inflation it is not.

The elasticity of Canada's income tax structure, a factor geared to the progressive tax, has increased, not decreased under the new tax legislation.

[Hon. Mr. Belisle.]

Elasticity means that as incomes rise, taxes rise at a faster rate. Under this tax reform bill, every 10 per cent increase in income is accompanied by an 18 per cent increase in tax.

By putting together new personal exemptions, new tax rates and new items of income, the minister's claim that all married taxpayers will pay less taxes in 1972 is simply an outright fabrication, patently untrue, crassly false.

Close analysis of this tax reform bill indicates that: taxes will rise for the vast majority; the middle income taxpayers will face an immensely increased tax burden; the new rates will lead to accelerated tax increases because rises in income will not keep up; the poor will still be taxed.

There is a general movement evident in this bill towards a larger proportion of wages and salaries going towards taxes, due to general salary increases.

In effect, what I am saying is that the Government is not being as munificent as it alleges; and that is why we need time to go over this bill with a microscope.

Individual taxpayers stand to lose more from the changes in the definition of "taxable income" to be found in this legislation, on the average, than they will gain from new tax deductions.

For example, a certain sum will have to be added to income if a company car is available for personal use. If the company owns the car, a reasonable charge would be 1 per cent per month of the cost of the car new.

There will be new deductions for child-care expenses which will be made available to parents, neither of whom is married. However, the child-care deduction will not be available for university students or for persons taking certain occupational training courses. This is because the bill has a provision saying that persons claiming the deduction must need child-care services because they are employed. Nor will the deduction be available to persons whose only income is from property. In my opinion, these are rather ludicrous inconsistencies.

Though we would be willing to pass immediately those parts of the bill calling for tax reductions and for removing from the rolls those below a certain income level, let it be known that we have not been taken in. There will be no federal tax windfall. This whole issue is as phony as a three-dollar bill. This is a cruel fraud being perpetrated on the Canadian public. These lowered taxes are no more significant than is the number of objective, open-minded Grits.

What is diabolical is that the proposed tax law is a fraud on the poor, the retired, the helpless, the unemployed, on those who must live on fixed incomes. It creates a semblance of concern, when the disgusting fact is that this Government has permitted the ensemble of economic conditions so to deteriorate that the tax benefit presently offered amounts to nothing less than callous hypocrisy. The Government is throwing these people a bone while it simultaneously grinds them into the dirt.

If this bill is passed without amendment aimed at correcting the situation, we will still be faced with the anomaly of people being forced to pay taxes out of incomes which are well below the generally accepted standards.

Sixty per cent of the income of poor people goes in the payment of taxes, direct and indirect; and this will not change as a result of this bill. The bill provides for an increase in personal income tax exemptions. These exemptions will not even give the poor the same benefits as they had in 1949. Inflation has consumed all the extra dollars they have been granted as tax exemptions in the intervening years.

This Government deserves our praise: it is sparing no effort; it is labouring indefatigably in the noble quest to keep up with 1949. Now, that is mediocrity in action.

Honourable senators, I will vote against this bill because I am very conscious that as senators we represent not only political parties, but also the provinces. Knowing that five provinces have made strong representations against this bill, and that they represent 75 per cent of the population of this country and three different political parties, I cannot overlook their bona fide request for a year's deferment of this bill.

• (1150)

My many years of service in the Ontario Legislature would have been in vain were I not to stand up for them.

Hon. Eric Cook: Honourable senators, it is apparent that many members of the public, to whom we are of course responsible, and indeed some senators, particularly some of our new colleagues, are fearful that the Senate is neglecting its duty and has not, or will not, give Bill C-259 the consideration which such a very large and important piece of legislation deserves.

In my opinion, there are no grounds whatsoever for these fears. The facts are as follows: The considerations which should influence the Government's decisions as to the extent and nature of these tax reforms have been the subject of a royal commission, of two parliamentary committees and of general debate for a very long period of time.

It is therefore very unlikely that any new or fresh suggestions will emerge at this time, no matter how long our debate lasts. In any event, during the course of this debate there will be full opportunity for any honourable senator to advance any fresh and new suggestions.

In my opinion, the best way, indeed the only sensible way, to consider such a sophisticated piece of legislation is in committee. It is nonsense to attempt to make detailed amendments to the bill by debate.

In any event, there has been a good deal of general comment about the making of amendments, but, as far as I am aware, no one has as yet mentioned any particular amendment which is vital to the bill and which should be made before the bill is passed. I am not aware of one single amendment which must be made now in order that no possible injustice will result when the bill becomes law.

There are a large number of amendments, all of which have many pros and cons yet to be ironed out, but not one single vital amendment needed to ensure that no injustice will be caused to taxpayers.

The way to proceed is the way the Senate has already proceeded. The Standing Senate Committee on Banking, Trade and Commerce, under the chairmanship of one of the very best and most able tax authorities in Canada, has been studying the bill for over three months, aided by expert staff and by our very distinguished former colleague, the Honourable Lazarus Phillips, Q.C., a tax authority of equal rank with our chairman.

We have carefully examined the draft bill, heard many witnesses and the committee has made many valuable suggestions to the Minister of Finance, some of which have been accepted and the balance are receiving careful study. It is not therefore correct for editorial writers and commentators to state that the Senate is rubber-stamping the bill, or that the Senate is steam-rollering the bill through without due consideration. I repeat that it is not in accordance with the facts for these people to assert or write that the Senate has not given the bill due study.

The Senate chose its Banking, Trade and Commerce Committee as its instrument to discharge its duty of examining in detail the provisions of Bill C-259. May I point out that all senators, whether members of the committee or not, had always the right to attend the meetings and to make any observations which he or she desired to make. I have been a member of a number of Senate committees, and in my view no member of the Senate has any reason to have any feeling of guilt concerning the study and consideration given to Bill C-259 by the Standing Senate Committee on Banking, Trade and Commerce. The study, consideration and work of this committee, is, of course, the study, consideration and work of the Senate itself.

It is not therefore true for our critics to write or to say that the Senate is rubber-stamping this bill or not giving it proper prolonged and serious consideration.

I for one firmly believe that the Senate has left no stone unturned in the discharge of its duty to the people of Canada, to Parliament as a whole, and to the Government of the day. Those who assert the contrary simply do not know the facts, and therefore speak or write irresponsibly. We are all aware that there are a number of important amendments still the subject matter of discussion between the minister and the committee. These amendments have not been rejected because they are unacceptable to the Government. The Government's reply is that time does not permit the other place to consider them if the bill is to become law by January 1. In the circumstances, I consider the Government's decision to be a reasonable one.

On balance, the arguments in favour of making the bill law by January 1 are, in my opinion, stronger than those in favour of further delay. If we make amendments now, the other place can make amendments to the amendments. The debate could continue almost indefinitely, and the other work of Parliament would come to a standstill. Secondly, the law relating to income tax is a continuous process. It is not a one-shot deal, and there will be time next year and the year after to improve this act.

To sum up, honourable senators, I think the Senate, as far as circumstances allow, has done a good job on this bill, and while I do not want to be provocative, I must point out that the short time allowed us is not all the fault of the Government, and that more harm than good will result if we delay the passage of the bill.

Hon. Edward M. Lawson: Honourable senators, I should like, first, to direct a question to the Government Leader.

As I mentioned in my speech the other evening, there is no reference in the bill to trade unions as such, or to the classification of trade unions. The absence of that cries out for an amendment. However, being a reasonable man, I am prepared to accept an undertaking from the Minister of Finance that in a future amendment or by regulation there will be specific reference to trade unions as a classification. Can the Government Leader give me any assurance that such an undertaking will be made? Is it possible for the leader to obtain such an undertaking, that consideration will be given to this matter?

Hon. Mr. Martin: Certainly consideration will be given, but I cannot comment further.

Hon. Mr. Choquette: You pronounced one word too many.

Hon. Mr. Flynn: The most serious consideration.

Hon. Mr. Lawson: I would like to be assured that some consideration will be given, either in the legislation or in the regulations.

Hon. Mr. Martin: I think there already has been some discussion on this. In fact, I feel sure that there was even an amendment made in the other place. However, I wish to check on this point and will do so during the luncheon recess.

Hon. Mr. Choquette: Bring in an amendment.

Hon. Mr. Lawson: I propose now to review the bill from my status as an Independent senator. As an Independent, I am perhaps in a difficult position, yet this could prove helpful. If I were sitting on either side of the chamber, representing the Government party or the Opposition party, I would have some difficulty in giving a balanced view of the legislation.

First of all, I would have to add the weight of my own political bias. I would then have to add the weight of my support for my political leader, and the support of my party's position.

• (1200)

Hon. Mr. Choquette: You mean if you were a Liberal you would do that.

Hon. Mr. Lawson: If I were a Liberal or a Conservative. But having done that, I am afraid I would have already tipped the scale, and consequently I would be somewhat off balance before I even considered the merits of the bill. However, not having that handicap, I am forced to deal with this bill purely on its merits.

The first question I have to ask myself is whether this is a perfect bill. We have heard reference that it is an imperfect bill. I have not been dealing with bills for very long, but in my short experience here and in my long experience in the labour movement, I have yet to see a perfect bill. I wonder if, in our political system of government and opposition, we will ever find a perfect bill. I think not. Therefore, I am forced to deal with the merits of the one before us.

I am touched by the concern for the people who are considered to be in the poverty class. On the one hand, I cannot encourage and support a poverty bill, and then turn around and oppose a bill which deals directly with the problem and provides some relief for it. Money can buy many things, but the one thing money cannot buy is poverty. It is comforting to know that there is a concern and some relief for the poverty class in this bill.

The next question I have to ask myself concerns capital gains tax. Is a capital gains tax good or bad? I know that in the years that I have been in the labour movement a capital gains tax has been advocated, and has been one of the top priorities of labour. Again, this is contained in this bill. I do not know how we can spend years advocating a capital gains tax and then come here and vote against it, when it appears that something is finally being done in that direction. I do not do it on the basis that it has been the view of the labour movement that there should be a capital gains tax, but simply on the basis that fairness demands that such a tax should exist.

Senator Belisle expressed the concern that there would have to be an increase within three weeks after passage of this bill because inflationary conditions will put us right back where we started. If that is so—and I accept Senator Belisle's word that it is—you may be assured of the support of trade unions in obtaining this increase within three weeks, or sooner if possible.

I do not want to give the impression of being anti-business. I think I am one of the few people in the labour movement who endorses unequivocally the free enterprise system. I am not a socialist, nor am I a capitalist, although somewhere along the way I would like to be one.

I am concerned for industry. Senator Beaubien, a few weeks ago, talked about the lack of expressed concern by labour for industry as it is affected by the proposed tax laws. I want to assure the honourable senator that I am concerned for industry. Over the years in British Columbia I have seen impoverished areas become viable economic communities. There were farming and ranching areas in British Columbia where quite a few people were unemployed and a great many on welfare. Mines such as Craigmont and Bethlehem were established in these areas, and now, instead of depressed areas with high unemployment and many on welfare, we find progressive, alive communities with a minimum of unemployment and very few people on welfare. These small communities have become self-sustaining economic units.

If there is anything contained in this bill which diminishes or takes away from the continuing establishment of that type of community, then it would be the worst kind of economic lunacy that I could imagine. There must be incentives to encourage more and more self-sustaining communities, such as those I have mentioned. I would be most angry if I found that type of incentive lacking in, or in any way impaired or discouraged by, this bill, and I would be prepared to support any of those who want to make amendments that would give incentive and encouragement to the establishment of the type of industry around which such communities grow.

We have heard from time to time of western separatism. The concern in western Canada is largely economic. The term "western separatism" is not a term I endorse, but I do acknowledge it because I feel it does exist. When the Government provided $80 million to manufacturers to offset the 10 per cent surcharge imposed by the United States, the feeling in the west was that at least $78 million of that went to Ontario and Quebec. In my judgment, that

should not be considered a resentment of the success of those two provinces. We simply have to acknowledge that most manufacturing does exist in Ontario and Quebec. My point is that this legislation, or any future legislation, should be such that it would encourage more manufacturing and secondary industries in the other provinces.

In my home province, British Columbia, we are certainly faced with a very real problem of unemployment. This is perhaps the priority problem in the country, and any steps that can be taken in that regard must be taken. One of my main concerns is that, if there is an untimely delay in the passage of this tax legislation, it will cause more unemployment. Will the doubts in the mind of industry cause it to hesitate in making investments that would produce more jobs? The only conclusion I can reach is that this would be the effect. I feel the uncertainty must end, and that can only be accomplished by a minimum of delay in passing this bill.

I have been affected by people like Senator O'Leary, who has such fervour and passion for the institution of Parliament and this chamber. We owe a great debt to people like Senator O'Leary who have this feeling for this institution, and I would be quite prepared, in most circumstances, to stand shoulder to shoulder with Senator O'Leary and others in order to preserve this chamber and its autonomy. However, what troubles me now is, if we engage in this type of conflict with those who want to abolish this chamber, who would be the casualties? If I could be sure that those of us in this chamber and those who would weaken or destroy us would be the only casualties, I would not hesitate to engage in such a battle.

I am fearful that the casualties will be the 800 thousand presently at the poverty level who will be helped by this legislation. I am fearful the casualties will be the 4.7 million Canadians who will receive a tax reduction from this bill. I am fearful that the casualties will be business and industry which will hesitate to make investments and create additional jobs because of the uncertainty involved, and flowing from this my people in the trade unions will suffer as a result of the lack of jobs that are not created. I am concerned for those who would be the real casualties as a result of this type of conflict.

I am, of course, concerned about the question of this chamber's autonomy. This is something that must be preserved, but, as someone once said, "Autonomy is like virginity; nothing very significant happens until after it is lost."

If we find, when the Minister of Finance brings forward his amendments in the spring, that the concerns expressed by the Senate committee on the priority questions referred to by Senator Grosart are not in some form contained therein, then I shall be prepared to stand with any of those in this chamber who want to propose amendments and send the bill back to the other place for correction of these inequities. My only question is whether this is the time to do it.

I am in a difficult position. I cannot be pre-committed by party policy or party philosophy. I am forced to deal only with the merits of the legislation. I have to rely on the presentation of the Leader of the Government in respect of this legislation. I am not so naïve as to not recognize that it is his duty and responsibility to plead the case of the Government which, I must confess, he did eloquently and very well. In outlining the Government's position Senator Martin used an unfair tactic, one for which there was no defence, the tactic of fact, reason and logic. The facts Senator Martin put before me, which I have no reason to doubt, are that a substantial number of the proposals of the Senate committee are embodied in this bill. I am left with the fact that three-quarters of a million on low incomes, about whom I am concerned, will be removed from the tax rolls. I am left with the fact that 4.7 million are going to benefit by paying less tax as a result of this legislation. In spite of the confusion and ambiguities that exist, there are benefits for the Canadian community.

• (1210)

I have often been concerned with the reaction of industry generally, and sometimes with the lack of human concern. I have talked with many representatives of industry, and have asked them, "Were you to have a call from your broker tomorrow morning that one of your investments was going to depreciate by $25,000 or $50,000, where would you be?" The unanimous answer has been, "In my broker's office." I have often said, "If you have a long-service employee who has served you faithfully and well, in whom you have an investment of $25,000 or $50,000, and he is being fired for whatever reason, where are you? We never see you at that time." The usual answer is, "We have more important matters to attend to."

If they are not at least concerned from a human point of view, I often question why they would not be concerned from a cold, investment point of view. I think it is the human concerns that will determine the outcome of this legislation. The concern over inflation is valid. Labour's responsibility is one it will have to face and assume; and I am satisfied it will, provided the essence of fairness applies, and applies equally to all segments of society.

Having examined the whole bill briefly, hardly what one might call a thorough examination, with the evidence and facts presented to me I can only decide on the merits of the case by asking myself the simple question: Does the good in the bill outweigh the bad? The conclusion I have reached is that it does, and for that reason I will support the bill.

Hon. Eugene A. Forsey: Honourable senators, the main thrust of this debate so far—perhaps with the exception of portions of Senator Belisle's speech—of both attack and defence, has been two-fold: first of all, the question of the complexities, the intricacies, the imperfections, what we might perhaps call the technical imperfections of the bill; secondly, and related to that, the question of how far the Senate committee's recommendations have been accepted or are likely to be accepted by the Government.

All that is, I think, of immense importance. For myself, I am inclined to think that any bill dealing with this extremely difficult and complex subject is bound to be rather complex. Any bill dealing with this subject is, by the same token, bound to be imperfect. Even if you could get agreement on the principles involved, there would still be room for wide differences of opinion about whether the drafting of the bill has adequately served the purposes, which in the hypothetical circumstances, and very unlikely circumstances, everyone would agree on.

As for the question of how far the Senate committee's recommendations have been accepted, or are likely to be accepted, this is in part a matter of fact and in part a matter of judgment. It seems to me quite clear that some of the Senate committee's proposals at various stages of the discussion of this question have certainly been accepted. How many I am not prepared to say; there appears to be some difference of opinion among the experts on that. However, it seems clear to me from what has been said, and not denied, that a substantial number of proposals emanating from the Standing Senate Committee on Banking, Trade and Commerce have in fact been incorporated in the bill that is now before us. It also seems clear that a substantial number of recommendations have not been incorporated. There the question of judgment enters in, and we have to ask ourselves how far the assurances and commitments, qualified assurances and qualified commitments, in some instances very heavily qualified assurances, given by the Minister of Finance last Monday to the committee, can be taken as firm or binding, or satisfactory to those who feel strongly about the recommendations that have been made by that committee.

Here I find myself on a knife-edge. I agree that in many instances the minister is not in a position to give an absolutely firm commitment, even if he had all the desire in the world to do so, simply because of the highly technical nature of some of the proposals. On the other hand, I am inclined to agree with honourable senators in the Conservative Party that perhaps some of these assurances are not quite as satisfactory as might be desired. However, while that question is highly important, it seems to me that it is not by any means the most important, or, at all events, the only important question before us in this debate on second reading. These questions, to which much of this debate has so far been devoted, and quite properly devoted, will have to be dealt with more concretely if, as, and when the bill goes before the Standing Senate Committee on Banking, Trade and Commerce, as I think it almost certainly will.

There are also, however, as the Leader of the Opposition (Hon. Mr. Flynn), Senator Choquette and Senator Belisle have said, matters of principle involved in this bill, matters of principle to which they have referred, and even, perhaps, matters of principle that they have not mentioned, or may not even have considered. In my judgment this house has the right to deal not only with the technical problems, which are highly important, and on which already the Standing Senate Committee on Banking, Trade and Commerce has spent a great deal of time, with admirable results, we all agree; this house has the right to deal not only with the details and with the technical matters, but also with the principles involved in this bill, because, as Senator Choquette has pointed out, there are really a great many different measures dealing with different facets of this subject embodied in this single bill. On a multifaceted bill like this I think we can legitimately say that discussion of the principles of the bill is in order at this stage.

Broadly speaking, those matters of principle cannot be dealt with in the committee, although they can be to a certain extent. I agree that when the reference was made to the committee in September last, in terms the reference was wide open; the terms of the reference would have permitted the committee to go into matters of principle. But the committee did not, and I think properly did not, because, as I understand it, that is not the essential function of a committee, whether a standing, select or special committee, or Committee of the Whole. In French the term for going into committee, if I remember correctly, is "passer aux articles," at least in the French Parliament in Paris. I think that puts it very neatly. Having dealt with the principle, you then go on to look at the detail and see whether the principle is in fact carried into effect properly and adequately by the details of the measure. In my judgment, we have the right to discuss the principle or principles involved in this bill, here, and this is the time and this is the place, this is the stage of the bill at which we ought to do so.

• (1220)

I propose to say something on that head. What I have to say may not altogether please either the Government or the Opposition. Perhaps it is not the first time that that has been so, and it may not be the last; but I am willing to risk that and make my small contribution to this debate by raising matters of principle which I think deserve the consideration of this chamber. That is how I conceive my responsibility and that is how I propose to discharge it.

Hon. Mr. Martin: And rightly so.

Hon. Mr. Forsey: I thank the Leader of the Government. This is balm to my wounded spirit after the remarks made about my incompetence which proceeded from another quarter the other day—my technical incompetence, shall I say.

Hon. Mr. Martin: These were regrettably uttered.

Hon. Mr. Flynn: They were made so that you will not forget it.

Hon. Mr. Forsey: The first point of principle that I want to deal with is the statement by the Government Leader that this is a good bill. My comment on that is, "so it is, in many ways." I am not prepared to say "in all ways". It would be an extraordinary bill indeed which was a good bill in every way; that would be a perfect bill and in this imperfect world we cannot expect that. The proof that it is a good bill in many ways and in important ways, is that even the ranks of Tuscany could scarce forbear to cheer last evening when Senator Choquette said—and I may venture to quote precisely what he said—that there would be no difficulty in passing promptly certain parts of this bill. Speaking on the desirability of splitting it, he said there would be no political or other difficulties. He went on to say, in pursuing this course, that everyone in the official Opposition would support it. He said:

> We all agree, I think, on the measures relating to personal income. Passage of those provisions could be completed with singular alacrity.

That seems to me to be an indication, even from one of the spokesmen of the official Opposition, that there are parts of this bill which are certainly good. I was a little surprised when Senator Belisle said that even these parts of the bill, or some details of them, at all events, were really a fraud upon the public. I was surprised to find that he was suggesting that something one of his own party

thought could be passed with "singular alacrity" because we were all agreed on it, might also be considered a fraud on the people who were supposed to benefit. However, I leave that aside. I could not resist making this somewhat jocular debating point, but it is not of course important. The only thing really important is that everyone admits that there are certain parts of the bill which are good.

I would be inclined to say that in some ways the bill is not good enough. In some ways it may go too far in a direction which I do not like, and in some ways it may not go far enough in a direction which I do like. I shall have a little more to say about that under separate heads in a moment or so.

The second point which I wish to discuss, which arises easily and obviously out of the first, is the suggestion of the official Opposition that the bill might be split and that we might pass it as a whole. If I understood Senator Choquette correctly, and I refreshed my memory by looking this morning at *Hansard*, he said that we might pass it as a whole, but with a proviso or amendment bringing into force the sections which Senator Choquette thought were at least tolerable—the personal income sections, the reduction of personal income tax and that sort of thing—and providing that the rest of the bill should come into force only upon proclamation, apparently at a somewhat distant date.

Senator Choquette said that the only real difficulty about that, in his judgment, was that the capital gains tax would have to be dropped, that this was the only real obstacle to the course which the official Opposition had been suggesting. I wish to say very strongly that, if that is the price of splitting the bill, I am not prepared to pay it.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Forsey: I agree with Senator Lawson on this point. Like him, I may be influenced by my trade union association. He is still a trade union official. I was one for 27 years. One does not slough off easily, perhaps, one's déformation professionnelle in things like this. But I am still convinced, quite apart from that—as Senator Lawson said that he was—that this is a proper kind of tax, that it provides for equity between people who earn their income or derive it from dividends or interest on investments and that kind of thing, and people who make their living, shall we say, keep body and soul together perhaps rather amply, by capital gains. That principle of taxing capital gains on the same basis as ordinary income seems to me to be a sound one, and I can only regret that in fact the bill does not seem to me to go quite far enough on this. It seems to represent a certain retreat from the position on this subject which I think was set forth in the Carter Report. But half a loaf is better than no bread; I am in favour of the degree of capital gains taxation which is proposed in this bill and I shall be sorry to see it go. I should like to see it pushed further.

I agree also with what Mr. Kierans said in the other place the other day, that the danger of cutting down investment by any such tax is an illusion, because the people who make these capital gains have a choice only of investing them in some way or another, or eating them. That is approximately what it amounts to. They are not likely simply to live off their capital gains and not put them into use in some way or another, at least for the most part, to forward production, to increase the gross national product, the amount of goods and services available to the people of the country.

If that is the price of splitting the bill in this way, which Senator Choquette suggested, I am not in favour of paying it. I think it is too high. I hope that, once we have this principle of taxation of capital gains embedded in the act, it may be pushed further to what seems to me to be its logical and equitable conclusion.

Honourable senators, the third point I wish to discuss is the one which Senator Choquette made about the provinces and the difficulties which they face in adapting their taxation systems to this legislation. I think that what Senator Choquette said on this subject will bear rather careful examination. As reported at page 1654 of Senate *Hansard* of yesterday, he said:

> I would suggest that we pass the bill in its entirety during this session. Those sections dealing with changes in personal rates and exemptions, the deductibility of interest by corporations on money borrowed to buy shares,—

That is an important point, by the way, to which I shall return later—

> —simplification of the tax structure and a new system of dividend tax credit could be proclaimed for immediate implementation.

I am extremely interested to note one or two of the things that have got in there for "immediate implementation". Senator Choquette continued:

> Proclamation of the very complex sections. I would like to see postponed for one year to allow for adequate study, assimilation, planning and possible redrafting.

• (1230)

Further on, Senator Choquette says that a year's delay in implementing some of the more abstruse sections would allow for "complete redrafting" of the bill. Well, I confess that that rather baffles me. What exactly is Senator Choquette getting at here? What should we be letting ourselves in for? Senator Choquette seems to suggest that the provinces would need at least a year, but a year to do what? A year to digest this bill and then adapt their systems to it, with all its imperfections and complexities, real or alleged? Or a year in which to try to get a revised bill, a possible redrafting? Twice Senator Choquette used that expression—a possible redrafting. So there would be a revised bill on which, then, they would presumably still want some time in which to work out the assimilation of the provisions of this bill into their own taxation systems. It seems to me that if we adopted this principle on the ground suggested by Senator Choquette, we might be letting ourselves in for an infinite regression, because I find it very difficult to believe that, even after the year that would have been spent in this possible redrafting, you would get anything but a very complex, difficult, intricate bill. The provinces might then very well say, "Well, look, this is really beyond our capacity to deal with in any short period. We must have a further delay of at least some months before we can decide how we can work this in with our own system of taxation."

I do not know how long a delay this would lead to. I think we might end up with a situation where the more complex parts of the bill would not be proclaimed for a very long time indeed. We would still be left in this position of extreme uncertainty about a very large part of the whole scheme of taxation.

It is possible, of course, to over-estimate and over-state the dangers of uncertainty. It is possible to go so far in the other direction that you can say that we must get this thing through in 24 hours, otherwise people will be in a frightful state of mental chaos and they will not know in the least how to plan their affairs. I am not suggesting that we should be hurried or pushed over this thing. I am not suggesting that we should not give it adequate consideration. But, if you are going to split the bill and postpone for a year the proclamation of a large part of its most intricate provisions in order to allow the provinces to study it and digest it and decide how many they will link in or assimilate with their own systems of taxation, it seems to me that you may be in for a very, very long period of very grave uncertainty for a very large number of corporate taxpayers, at least.

I find it difficult, therefore, to accept the position which Senator Choquette has sketched on that subject.

Hon. Mr. Choquette: May I ask you a question? Are you afraid that the Government is going to accept that proposition of mine? Is that why you are trying to convince them not to? You can go on indefinitely like that, you know, making a speech of that type. You can take somebody's speech and just destroy it. I do not know what it is going to give you, however.

Hon. Mr. Forsey: I do not propose to go on indefinitely. Nothing is further from my desire.

They used to say that Burke was the dinner bell of the House of Commons. Looking at the clock now, I am inclined to say that I am the dinner bell or the luncheon bell of the Senate. But there are a few other things that I want to say. As a matter of fact, I have finished with what I want to say on that particular point. I am sorry if Senator Choquette took amiss what I was saying. Essentially, what I was trying to say was that he had made an important and substantial point which I had thought needed consideration, very careful consideration, in fact. Whether there is any danger, as he puts it, or any hope of the Government accepting his proposal is quite another matter. Frankly, I do not think there is. But I think that a serious argument, a substantial argument on principle, put forward by a leading member of the Official Opposition deserves proper consideration. If I had thought this was a merely frivolous proposal on the part of Senator Choquette, I can assure you that I would not have spent five minutes—I should not have spent 30 seconds—talking about it. But I think it is a serious proposal. It is a proposal which has been put forward in the other place by the Official Opposition and I think it deserves consideration here also.

Hon. Mr. Martin: And, equally, your own observations deserve the careful and respectful attention of all honourable senators.

Hon. Mr. Choquette: That is right.

[Hon. Mr. Forsey.]

Hon. Mr. Flynn: Who do you suggest is not paying any attention?

Hon. Mr. Phillips: I am sorry to interrupt Senator Forsey, but I am always intrigued by his manipulations and his ability to move from one situation to another. I find it rather difficult to accept the fact that Senator Forsey, with his record, is now saying that a corporate taxpayer would be in an awkward situation. Has he gone to the right now from his usual left position?

Hon. Mr. Forsey: Well, honourable senators, I am interested to find that I am still regarded in some quarters as being usually in a left position. I am afraid that on the whole I am getting rather tired of these distinctions between left and right. I am more and more concerned, as I get older, in trying to see that what results from public discussions on public questions is sensible. If somebody says that this is right and that is left, or this is middle or centre or what-not, it does not really bother me very much.

However, to turn to the specific point which Senator Phillips has raised, it seems to me that whether you are a socialist, a communist, an NDP-er, a Social Crediter, a Liberal, a Conservative or an Independent, if you are discussing economic questions of vital import to this country, so long as we have a mixed economy in which private corporations play a substantial part, then what happens to those private corporations is of concern to whoever is discussing the matter, regardless of what his views may be.

Surely, anybody of any opinion whatever is bound to say that the situation of private corporations under this bill is of importance, and it is of importance not merely to the private corporations but also to their employees and to their customers and to the public at large.

I think it is perfectly legitimate for anybody from any point of view and any part of this chamber to say that, if a particular course of action would put private corporations in a difficult position, an uncertain position, a hazardous position, unnecessarily, then this is a factor which ought to be taken into consideration.

I am not expressing any particular tenderness for the private corporations. I am simply saying that it will be bad for the country as a whole, if they are placed in a position of uncertainty unnecessarily for longer than is really required by the public interest. That is all.

If anybody thinks that indicates I have now become a sort of old-fashioned, 18th century, hard-shelled Tory—there would not be many others to keep me company—if anybody thinks that, he is quite welcome to draw that conclusion, if he wants to. I have no apology to make for this reference which I made to the position of the corporate taxpayers.

The next part of my remarks might be a little more palatable to the Official Opposition, although I fear not very much more because it may only increase Senator Phillips' distrust of what he calls my usual left position and may confirm the suspicions of other members of the Official Opposition that I am still an irreclaimable old CCF-er. But I want now to turn very briefly to what seems to me a fundamental criticism of this whole measure which was put very concisely and forcibly by Mr. Kierans

in the other place the day before yesterday. I cannot quote from the *Debates* in the other place, but I hope I may be permitted to summarize some of the points which Mr. Kierans made which seemed to me to be very important indeed.

• (1240)

First of all, if I understood his argument correctly, and I think I did, he feels and believes that this measure would perpetuate an unduly favourable taxation position for the resource industries, and therefore an unduly unfavourable position for the manufacturing industries which are taxed at a much higher rate than the resource industries, although it is the manufacturing industries rather than the resource industries which provide the bulk of our employment, and that this a very serious matter indeed in our present situation—it would be in any situation, but especially in the one we are in now, with a high degree of unemployment.

Secondly, Mr. Kierans called attention to the preference shown in tax policies—a preference that is not touched by this legislation, or not adequately touched at all events—a preference shown in recent years in our tax legislation for corporations as opposed to people. In 1961-62 for example, 35 per cent of the revenues of the Dominion of Canada came from the taxation of people; and Mr. Kierans was quoting this from a return tabled in the other place by the President of the Treasury Board dealing with the first four months of this year. In the first four months of this year that percentage had risen to 41.4 per cent, whereas the share of taxation for corporations had dropped from 23½ per cent to 19½ per cent. I do not think this bill is going to reverse that trend or redress the inequities involved in it.

Mr. Kierans also drew attention to the fact that the capital gains tax was far less sweeping than appeared to be required by equity. I have already dealt with this, and I shall not say more about it.

Then he commented unfavourably on the provisions allowing corporations to deduct from their income the interest on borrowed money used for take-overs of other corporations. Now the intention of this, as he recognized and, of course, as I recognize, is to give to Canadian corporations a chance to get in on the ground floor in fair competition with American corporations who are proposing to take over industries. With this I heartily sympathize, but the difficulty about it is that the provision as drafted appears to apply to all Canadian corporations, even those which are foreign owned or foreign controlled. The result is that Imperial Oil, for example, would be able to get this very favourable treatment for a proposed take-over of some purely Canadian corporation which might then fall under foreign control whereas now it is under Canadian control. This, it seems to me, is a defect in the proposals in the bill.

Then, honourable senators, there was the further point that we really ought in a thoroughgoing system of tax reform provide for a higher rate of tax on outside corporations than on domestic corporations. The suggestion that Mr. Kierans made was that the rate of tax on British or foreign corporations—or perhaps I should say Commonwealth or foreign corporations—should be at the same rate as those corporations pay in the jurisdictions where their head office is; so that if you had corporate tax in the United States at 52 per cent, the corporate tax here on American-controlled corporations should also be 52 per cent, and if you had in the United Kingdom a tax rate of 40 per cent, then the tax rate on British corporations in Canada should be 40 per cent. It was suggested that we should, in an effort to increase our own control over our own economy, frankly discriminate, and on this considered, planned basis, against outside corporations in favour of Canadian corporations. I agree with that criticism, and I think it is a pity that the bill has not taken some account of it.

The last thing I want to mention from the case that Mr. Kierans made is a quotation—

Hon. Mr. Connolly (Ottawa West): Will the honourable senator permit a question on the last point he made? This was a problem before the committee when we were considering the reference of September 14—that is, the whole broad question of the need for foreign capital for development in this country. Is not that a matter that should receive consideration at the same time as the problem of Canadian control?

Hon. Mr. Forsey: Well, yes, I think it should, but I am inclined to think that on the whole there has been a good deal of exaggeration lately about the need for foreign capital. I do not think this need is anything like as great as it was. I think there has been a considerable amount of discussion of this which has left upon my mind, at all events, the impression that nowadays we are in a position to supply a vastly larger proportion of our requirements of capital from our own resources than we were formerly, and that in fact some of the American-controlled corporations are financing their expansion very largely out of resources available to them in Canada without using their foreign capital at all. This is an enormous question which I am not prepared to go into at the moment, although I agree it should be given consideration. But I think this other aspect of it deserves consideration too, and I am sorry that this, as it seems to me, rather mild and reasonable way of promoting Canadian ownership of our economy has not been adopted in the bill before us. There may be all kinds of difficulties about it; I dare say there are all kinds of difficulties about a number of these things. I am merely mentioning certain defects in this bill, as I consider them, which are fairly fundamental and which I regret seem not to have received the consideration I hoped they would.

I am going to quote from Professor Dale of the University of Toronto for which I am indebted to Mr. Kierans in his speech of the other day. He said:

> —on its own, Canadian industry cannot provide an adequate response to the challenge of foreign competition. Strong and efficient competition is required in the area of taxation and beyond it as well. The alternative is a drift down the road toward a Venezuelan type economy—a large modern resource extraction industry that provides very little employment, a large unproductive government bureaucracy—

And I am not entirely subscribing to that,

> —an inefficient weak manufacturing sector, increased imports of manufactured products, and rising government expenditures to provide for the unemployed.

I am inclined to think that a real defect in this bill is that it does not arrest a tendency which has been evident for some little time in that particular direction.

Honourable senators, I hope that before this debate is concluded some representative of the Government will give us some reply—possibly Senator Connolly would do it; he was ready to raise that one point and I hope he will deal with this—to the kind of criticism which Mr. Kierans made in his speech in the other place the other day, and which I think he has made on various occasions and with which I find myself in considerable sympathy. Perhaps there is a satisfactory answer to all these criticisms, and perhaps there is not. Perhaps there is a partially satisfactory answer. Perhaps some of the criticisms are warranted and some are not warranted. I should like to hear some discussion of this from some responsible spokesman for the Government before this debate concludes.

Hon. Mr. Martin: May I ask Senator Forsey if he is not of the opinion that some of the views expressed by Mr. Kierans may run counter to some of the considerations and recommendations of the Standing Senate Committee on Banking, Trade and Commerce?

• (1250)

Hon. Mr. Forsey: It is perfectly possible, but I must say that I am not prepared to accept the infallibility of Standing Senate Committee on Banking, Trade and Commerce. I have the greatest respect for that committee and for the magnificent work it has done. I do not in any way wish to detract from what has been said on that score. I thoroughly agree with what has been said. However, I do not feel that because the Standing Senate Committee on Banking, Trade and Commerce has reported, "Rome has spoken." I forget the exact Latin quotation, and even if I remembered it I do not think I would dare try to say it , especially in the presence of a classical scholar such as the Leader of the Government, as well as other distinguished classicists in this house.

My final question is, what can we do about this? What can the Senate do, and what can and should individual senators do? These positions are not quite the same. Despite what Senator Lawson has said regarding his privileged position as an Independent, and the fact that he does not have to consider the position of a particular party or the Government, I should like to assure him there are at least some members on the Liberal benches who, I hope and believe, are anxious to give this bill just as careful and independent consideration as he is. I suppose that as members of the Liberal Party we cannot totally disengage ourselves from the position of the Government if we believe this Government is better than any alternative government. It is not possible for us to say that because we do not agree with what has happened, or because we do not like a particular measure, we will vote against it and do our best to put the Government out and put in its place a government we regard as less satisfactory. I suppose we cannot avoid certain feelings of that sort.

However, in a matter as important as this, I am inclined to think very seriously about my own attitude on the subject, even though I am a supporter of the Government.

What can the Senate do about this matter? Well, of course, technically we can throw the whole thing out. We have the power to do this, and this power has been exercised many times in the course of the Senate's history. That power has been exercised within relatively recent years on very important matters. Frankly, I do not feel we can exercise that power on this bill. I think it would be unrealistic to suppose that we can do that. I think that the most perfervid opponents of this bill, even if they dislike it from stem to stern, from clause 1 to the very end, and every comma and semicolon, as well as the numbers of the subclauses, I do not believe that anyone in this house feels it is practical to speak in terms of possibly rejecting this bill.

Hon. Mr. Choquette: Then why are you mentioning it?

Hon. Mr. Forsey: I am sorry if I am moving slowly. I must ask honourable senators to be patient for a little while longer.

What about fundamental amendments? Once again we have the power to make any amendments we like. However, I think we must admit that any fundamental amendments to this bill dealing with the basic principles of the bill are not practical at the present time, and this is just not going to happen. I do not believe that the most perfervid opponents of the bill are prepared to put in any such amendment with the expectation that it will be passed, or indeed are anxious to see it passed, in all the circumstances.

This leaves us with the question of technical amendments, detailed amendments which are covered, or partially covered, by the report of the Standing Senate Committee on Banking, Trade and Commerce. We are in a rather difficult position in this respect. Not only have we the right to pass any amendments we see fit, but I venture to say there may be amendments which, in the judgment of those better qualified than myself, are important enough for the Senate to insist upon. Some honourable senators may feel that the assurances given by the Minister of Finance, when he appeared before this committee, are not adequate. You may feel that something further needs to be done before this bill goes to committee, that perhaps some amendments should be inserted and that the Senate should insist on these amendments. I am not prepared to exclude that possibility, even though it may cause a certain inconvenience to those in the other place or to the Government. Once again, I feel it depends on the importance of those amendments and how strongly we feel about them. It may be that after due consideration there will be general agreement and the committee will not report any amendments to the Senate as a whole. But I do not want to take this for granted beforehand. I should hope that when the bill is referred to the Standing Senate Committee on Banking, Trade and Commerce they will examine very carefully the question of detailed and technical amendments, and that they will have the courage to say that certain amendments are absolutely necessary and report them to the Senate. And if we are convinced that these amendments are necessary, I hope we shall not be deterred from inserting them and, in due course, sending the bill back to the other place, simply because it might cause a certain amount of rumpus and brouhaha and derogatory accusations thrown in our direction.

I feel the position of an individual senator is as Senator Lawson has indicated. I have to make up my mind regarding the merits or defects of the bill and determine which

are more important. If I feel the defects outweigh the merits, I should register my vote against the bill, as a protest against these defects. This is in effect what Mr. Kierans did in the other place a few days ago. I do not wish to imply any criticism of what Mr. Kierans did by voting against third reading in the other place. If I should decide to register my vote against the bill when I am pretty certain it will pass with only a certain number of technical amendments—and I can imagine the peals of derisive laughter of honourable senators to my right—should I allow myself the safe luxury of registering my protest vote against the bill? Frankly, I find it very difficult to make up my mind on this matter. I am inclined to lean in the direction in which Senator Lawson has leaned. I am inclined rather to agree with him. I must add, however, and this is a lamentable confession to have to make to honourable senators, that I am not yet entirely convinced what my course will be. Something will depend on what further points are brought forward in the debate on second reading. Something will depend, when we come to third reading, on what has happened in the Standing Senate Committee on Banking, Trade and Commerce, if the bill goes to it.

• (1300)

I think, on the whole, I shall probably vote for the bill. I leave open to myself still, however, the option of registering my dissatisfaction with certain defects, as they seem to me, in the bill as presented to us.

Hon. Mr. Grosart: I rise, honourable senators, to ask the honourable senator a question arising out of his last remarks, that he has not yet made up his mind how he would vote. My question is: Will he come to lunch with me?

Hon. Mr. Forsey: I am afraid that this might be regarded as undue influence, pressure, subornation or something of the sort. I am grateful for the kind thought, but I think we should postpone it to a moment when it would not appear so much to threaten my independence.

Hon. Mr. Martin: May I ask Senator Forsey if he is free for dinner?

Hon. M. Grattan O'Leary: Honourable senators, I rise on a point of privilege. Speaking in the house on Thursday I used these words:

> My good friend, Senator Carl Goldenberg, said at the outset of his speech that he did not wish to go beyond a certain date—

That is in consideration of this bill. Sometimes at the age of 82 one's hearing betrays him. I find in reading the speech that he did not use such words and, in fact, said the exact opposite. I rise now to offer him my apology.

I have no talent for meekness, but neither have I a talent for misrepresenting any of my opponents. I offer to him and to the house my apology.

Hon. Mr. Goldenberg: I just wish to say that I would never suspect my old friend, Senator O'Leary, of being guilty of misrepresentations. I appreciate his courtesy.

The Senate adjourned to the call of the bell at 2.30 p.m.

At 2.30 p.m. the sitting was resumed.

Hon. Ernest C. Manning: Honourable senators, at a federal-provincial fiscal conference a number of years ago I recall an occasion, when proposals by the Government of Canada were under debate. Tempers were getting a little frayed, and a considerable degree of dissatisfaction was being expressed by various speakers. One provincial premier rose and prefaced his remarks by saying "I intend to speak with restraint under circumstances that do not invite restraint." I have often thought of those words over the years and have found them useful. I propose to keep them in mind today.

At the present time, we can only assume, I hope rightly so, that the Government majority in this house will agree to this important bill being referred to the Standing Senate Committee on Banking, Trade and Commerce. Certainly, that is the normal procedure for any bill of this type.

We do not, of course, have any assurance that the Government majority on the Standing Senate Committee on Banking, Trade and Commerce will permit amendments to be adopted during the committee stage. While we are in the dark on this point, it is difficult to know whether we can contribute most by curtailing debate on the bill at this time, in order that it may move more quickly into the committee stage, or, if no amendments are to be accepted in committee, whether we can make our most useful contribution by a more detailed assessment of the legislation at this stage.

There is a matter regarding possible amendments to the bill which I had hoped might have been discussed by Senator Forsey in his address before the luncheon recess. I, as well as many other honourable senators, have a great respect for Senator Forsey's knowledge of constitutional and tax law. Perhaps the Leader of the Government may care to comment on this matter when he closes the debate.

It is my understanding that legislation requesting amendments to a money bill cannot be initiated in this house. If the bill is passed, our only opportunity for further presenting our views with regard to amendments will be when a bill comes to this house from the other place proposing certain amendments to the taxing act.

The point on which I am not clear, and on which I would like enlightenment, is whether at such time our deliberations will have to be confined to debate on the amendments proposed by the other place, and to any amendments to those amendments which we may care to make, or whether we will have the latitude in this chamber to propose amendments entirely outside of those contained in any amending bill which may come to us from the other place.

It is obvious, honourable senators, that if we will be restricted to consideration of only what is submitted to us from the House of Commons, then many of the matters about which concern has been expressed, and which have been covered so admirably in the studies of the Standing Senate Committee on Banking, Trade and Commerce, will go by the board for the simple reason that we will have no opportunity in any constitutional way to raise those points at a later date.

When the honourable Leader of the Government in this house closes the debate, I would appreciate some enlightenment from him on this particular point.

I am sure honourable senators have no interest in prolonging this debate merely as a delaying tactic in respect of this legislation which has been under consideration for so long. My experience in the field of parliamentary work has convinced me that in debate there is a point up to which objective argument influences the judgment and the position of other people, but there is also a point beyond which further debate does not change anyone's mind, nor does it alter the final outcome, but rather tends to more rigidly entrench the positions which the honourable members have already reached.

As far as this tax legislation is concerned, if we have not already passed that point we are certainly very close to it, and I doubt very much if any significant change in the Government's position, perhaps even in the position already taken by honourable members of this house, is going to result by virtue of further argument advanced at this stage.

I have sought to examine this legislation in the light of the background that gave rise to its birth. It was my privilege to attend every federal-provincial fiscal conference held in this country between the years 1943 and 1968. I well recall discussions at those conferences in which views were expressed regarding the unsatisfactory condition of the tax structure in Canada.

As the national Government moved more and more into the field of social welfare programs and various other cost-sharing programs the provincial governments found themselves faced with rapidly rising costs in order to meet their share of the cost of these programs. This eventually gave rise to concern and a great deal of debate as to what restructuring should take place in the Canadian tax system to enable the provinces and also their municipalities to meet these increased costs. In many cases they simply could not be met out of the sources of revenue available to the provinces, nor from the revenues received under federal-provincial tax agreements that were in effect at the time.

The trend to mass urbanization some ten years ago, which has rapidly accelerated ever since, has placed most of the municipal governments in this country in a serious financial position and they naturally have brought pressure to bear on their provincial governments for greater sources of revenue, which in turn the provincial governments could only satisfy if there were fundamental changes in the Canadian tax structure to put them in a position to meet such demands.

Another topic in these discussions was the inequities which, over the years, had become apparent in the tax structure. It would be fair to say that when the setting up of a royal commission was proposed to make a thorough investigation of the whole tax structure the major goals it was intended to attain were to help resolve the serious federal-provincial fiscal problems, to establish greater equity within the tax system itself, and to clarify and, as far as possible, to simplify what was even at that time regarded as a very complicated tax structure.

[Hon. Mr. Manning.]

• (1440)

Honourable senators, looking back at those objectives and reading the bill that has finally emerged I cannot help but feel a very deep sense of disappointment. The provincial governments of this country are certainly not happy with what this tax legislation does or rather does not do towards resolving the serious federal-provincial fiscal problems that have become increasingly serious over the years. As has been mentioned by other senators, the fact that a significant number of provincial governments have formally asked for deferment of the legislation does not indicate any great enthusiasm on their part to see this legislation adopted.

I can find little in this legislation that will be of any significant help to the municipal governments of Canada. I am puzzled why some of the recommendations made by municipal organizations and others apparently have not been considered. I recall one recommendation that was made by several organizations that seemed to me to have a lot of logic. The proposal was that the federal Government permit the income from interest on municipal bonds up to an amount of $1,000 a year to be deductible for income tax purposes. This would not have cost the Government of Canada a great deal of revenue, but it would have induced a great many Canadian citizens to buy municipal debentures.

At the prevailing rate of roughly 9 per cent, it would mean a citizen could qualify for such exemption on up to $10,000 or $11,000 of municipal bonds, which would generate roughly $1,000 of interest. This certainly would be a significant inducement to buy such debentures. If even 200,000 people across Canada, under such an inducement, bought even half of the allowable amount that would be tax free, it would create a demand for $1 billion worth of municipal bonds, which surely would go a considerable distance towards easing the problems that many of our municipalities face in getting the funds they require to carry on their responsibilities. But these proposals have for some reason been completely passed over, and they do not appear in the legislation before us.

In the matter of greater equity under the old tax system, I will not take time to discuss this point. I think at best it is very debatable. To be fair, I believe the bill has removed some injustices and inequities. I am fearful that in the process it has created other inequities as great and as serious as those we have corrected.

On the matter of clarification and simplification, if we thought we had a complicated tax system before, we did not have anything compared to what we are going to be faced with in the days ahead under this new bill.

I do not want my remarks to be mere negative criticism. I agree that there is much in this bill that deserves commendation. As I indicated in the house the other day, looking back over the experience of the past few years, I am convinced that the interests of the Canadian people would have better been served if, when it saw the difficulty that was arising in trying to get unanimity in a matter of this kind, the Government of Canada had spelled out an order of priorities. It should have acknowledged that resolving this problem was going to cause more dislocation than was initially anticipated and that the better approach would be to spell out an order of priorities and

resolve the issues one by one, until ultimately we would have all of them under control.

I suggest that the first priority should have been given to two things. One is in the bill, that is, a measure of relief to the low-income group of citizens. I have not heard anyone disagree with that, other than the argument that it does not go far enough—and a case could be made for that point of view. Surely the need for tax relief to low-income people, in the light of the rising cost of living, is something with which no one can quarrel in any way. My submission is that that relief should not have been delayed even this long, by reason of its having been tied to all these other complicated tax measures which have resulted in the long delay which has already occurred.

The other matter I would like to have seen associated with relief to the low-income group is raised by the question often asked by the Government: If we are to reduce taxes on one group of people, how are we to make up the revenue that is lost?

I had the responsibility in the provincial field of serving ten years as provincial treasurer, and I have some appreciation of how a finance minister or treasurer feels when somebody suggests wiping out a part of his revenue. How is it to be made up? In this case, the assumption seems to have been that the only way to make up lost revenue is to shift the incidence of taxation to some other taxpayers. Certainly that is a valid conclusion, but I submit it is not the only way the Government can recoup its revenue position.

Hand in hand with tax relief for low-income Canadians, there should have been a concerted effort to see what could be done within the tax structure to stimulate greater economic and commercial growth. If this could be accomplished, Government revenue could be significantly increased without any change in the rate of taxation. If we are collecting from the industrial and commercial sector of the economy, say, $20 million in taxes in one way or another, and if we are able, by providing incentives, to stimulate an overall increase of such industrial and commercial enterprise of only 5 per cent, that would increase tax revenue by another $1 million, without any change in the rate of taxation. As I say, I would have liked to see combined tax relief to low-income citizens and tax provisions carefully thought out which would stimulate economic and industrial growth. Surely, that would be one effective way of combating inflation, because the higher our productivity the better standard of living people can have without forcing up the price of goods. At the same time, as I have indicated, such growth could bring into the public treasury additional revenue that might well be sufficient to off-set that required to give the tax relief for the low-income citizens of this country.

• (1450)

If those matters had been given top priority and legislation prepared to deal with them, such legislation would have gone through the other place and this place without any difficulty whatsoever. Both Houses of Parliament would then have been free to give their undivided attention to a series of other issues in the tax field that certainly do require attention, many of which this bill attempts to deal with.

The matter of capital gains could well have been dealt with as a second priority. I indicated in this chamber the other day that I think, personally, a capital gains tax is not in Canada's best interest, at least from the standpoint of enhancing the standard of living of the people, nevertheless I accept the argument of my honourable friends, Senator Lawson and Senator Forsey and many others, who maintain that in modern society we can no longer in fairness exempt entirely from taxation income coming from capital gains. But, as I indicated the other day, in my opinion the formula embodied in this bill is far from the best formula that could have been devised. I would like to think that, had this matter been dealt with as a specific issue independent of other pressures and considerations, the Government would have come up with a better and far less complicated formula.

The matter of the treatment of resource industries is another issue that deserved individual attention. I come from a province whose economy has been very closely linked for many years with the development of resource industries. That is generally true in the west. I am sure my honourable friend Senator Lawson would agree that it is true in British Columbia. It is certainly true in Alberta. I completely disagree with the philosophy that was advanced in the other place by Mr. Kierans when he argued that resource industries have been getting too preferential treatment and that we should be far more concerned about tax relief for secondary industries which are the large employers of people.

The fallacy of that argument is twofold. In the first place, if we are going to have a strong nation we need a tax structure that contributes to the development of every area. You cannot leave out of the tax structure provisions necessary to the development of primary resources in those regions of Canada in which such resource development is the backbone of their economy, any more than you can ignore the impact of the tax system on the industrial complexes in provinces like Ontario and Quebec which have the great bulk of manufacturing industries in Canada. In the second place, there is an inseparable relationship between resource industries and secondary industries. It is utterly absurd to suggest that you can have a sound, healthy secondary industry complex in Canada if you do not foster the resource industries which produce the raw products which in turn lead to secondary industries. I am disturbed by the provisions of the new legislation with respect to resource industries because these are provisions under which the final decision is left to regulations and to judgments by federal tax officials.

It was my privilege before I became a member of this house to appear in a minor consulting role, with others, before both the Commons committee and the Standing Senate Committee on Banking, Trade and Commerce in their examination of the White Paper that preceded this bill. I well recall, in the preparation of material for those submissions, we examined one area—it was only a casual examination—to ascertain to what degree industrial capital expenditures had been deferred in this country by reason of uncertainty created by the White Paper proposals. And in merely a casual survey across Canada we tabulated over $1 billion of proposed capital expenditures which were being held in abeyance, in whole or in part,

because of uncertainty as to what the tax laws were going to be. The same situation prevails in our resource industries. In yesterday's edition of the Ottawa *Journal* honourable senators probably noted this news item: "New extraction plant for oil sands planned". It is a CP despatch out of Edmonton, and it goes on to say:

> A second oil extraction plant worth $500 million and employing 9,000 could be operating in the Athabasca oil sands as the result of a decision Thursday by the Alberta Energy Resources Conservation Board.

The article, and I will not take time to read it all, goes on to say:

> Between 3,000 and 4,000 workers would be employed during the construction phase, expected to begin in 1973, and 9,000 jobs would be created when the plant became fully operational in 1976.

Honourable senators, at a time when we are worried about unemployment in Canada and the millions of dollars of public revenue being paid out in various kinds of incentive programs, some of them very debatable, to generate employment, here is a case where private industry is asking for no expenditure of public money and is prepared to go ahead with a project that would create, during the construction phase, employment for between 3,000 and 4,000 workers and permament employment for 9,000 people when the plant is complete. This is why I was concerned to see the article end with this statement made by one of the senior officials of the company.

• (1500)

> However, the final decision will depend on how the federal Government intends to implement the mining section of the recently announced tax bill.

I am acquainted with this project and the uncertainty created by the White Paper which held this project in abeyance for a period of at least two years. Now, having proceeded to the place where they have the approval of the Energy Resources Conservation Board of Alberta, their officials still must say that before a final decision is made they need to know the disposition that will be made under the tax legislation.

Bill C-259, clause 124(4)(b) reads:

> "taxable production profits from mineral resources earned in the year in a province" means the amount determined under rules prescribed for the purpose by regulations made on the recommendation of the Minister of Finance.

I will not labour this further. There may be valid reasons for drafting the legislation this way. My point is that this kind of legislation inevitably creates uncertainties. It may well be that the minister will make recommendations and spell out the regulations clearly. But in the meantime, this project, along with a good many other projects in this country, will continue to sit on the shelf because the legislation does not state precisely what the tax situation will be.

I will not take your time to dwell on estate taxes. This is another issue that should have been dealt with separately. This is important because it has a great impact on the provincial governments. Under the existing tax agreement between the provinces and Ottawa, 75 per cent of the money collected under federal estate taxes is rebated to the provinces. This represents a substantial amount of revenue. The provinces will have to do something to offset that loss. We should not be under any illusion that under this bill the federal Government is backing out of the estate tax field. All it is doing is transferring this into the capital gains tax field, and it will get its cut in any event. The provinces will now have to impose their own succession duties to offset the federal Government's removal of this source of revenue under the tax agreement.

In the case of the Province of Alberta, a number of years ago we decided to rebate to estates the 75 per cent paid to the province by the federal Government under the tax agreement. During the years this program has been in effect, it has attracted additional capital investment to Alberta that more than offsets the $6 million to $7 million annual revenue which we gave up by paying the 75 per cent back to the estates concerned. Under the new bill all this is washed up. There will be no 75 per cent of the estate tax paid to the province, so there is nothing to rebate to estates. Here again is a case where a province, trying to stimulate its own development by encouraging investment capital to its area, is thwarted by a change made by this legislation. There may be some arguments for it, but I doubt if the serious implications to the provinces were taken into account.

In the matter of clarity and simplification, in my view this bill in this regard is a total failure. The confusion and uncertainty that this bill will create arises from three aspects: one, many ambiguous clauses; two, many undefined terms in this bill; and, three, because so much is left to regulation and departmental rulings.

I am appalled to think of the extent of bookkeeping this bill will impose on Canadian taxpayers. My concern, which I am sure is shared by many other senators, is primarily for the individual taxpayer and the small businessman. Large corporations have tax departments and high-priced lawyers who do nothing else but figure out their tax problems. They can afford chartered accountants and tax experts to do this work. But what about the little businessman? He reads this bill and, unless he is very different from what I think he is, will throw up his hands in hopeless despair at ever being able to handle his own bookkeeping and file his tax returns. The same for that matter will be true of most individual citizens. They are not in a financial position to hire chartered accountants and tax experts to do this work for them.

Surely, if one of the objectives of this legislation is to create a better tax system, the Government should recognize the practical, administrative problems which this bill will put on the shoulders of the individual taxpayer. This is of particular concern to those I have mentioned who are not in a financial position to hire tax experts to act on their behalf.

Hon. Mr. McElman: Would the honourable senator permit a question? Does he suggest that the small businessmen and individuals for whom he expresses concern currently read the existing tax law and understand it without assistance?

Hon. Mr. Manning: No, under the existing tax law there is a great deal of confusion on the part of individual taxpayers and small businessmen. I think it is infinitesi-

mal, however, compared to the situation to be anticipated after passage of this bill.

Some Hon. Senators: Hear, hear.

Hon. Mr. Manning: Honourable senators, I have picked out only a few illustrative concerns that I find in going through this legislation. These, to me at least, indicate that the interests of the Canadian people would have been better served if the Government had spelled out an order of priority and resolved these issues one by one.

Surely, however, we are not so naïve in this chamber as to believe that these problems, which have not been resolved in four or five years of commission and committee studies, will be resolved here this week, next week, or next year. They will not be resolved by this house or by a committee of this house. If they are to be resolved at all, it will only be over an extended period of time. Only time will tell whether the Government and the other place prove equal to the task which is still before them in this regard.

• (1510)

May I add, in closing, one further expression of concern. It is related to the debate, but it is not part of the tax issue itself.

A great many Canadian citizens, and I confess to be one of them, are deeply concerned by the deterioration of the parliamentary process in this country, which has been brought to light by the protracted debate on this tax legislation.

I am an avid believer in the democratic process and in our democratic form of government. The parliamentary process can work only if there is the degree of dedication to its requirements and the degree of self-discipline necessary to make the system work. If we reach the place where discipline has to be arbitrarily imposed, such action becomes self-defeating.

What does the parliamentary process pre-suppose? It pre-supposes that in the conduct of public business the Government submits a proposal to Parliament, perhaps in the form of a bill. The merits, or lack of merit of that proposal, are then open to free debate by all members. The intention of such debate is to have a full presentation of sound and logical argument both for and against what is proposed, and to have alternatives presented to what is proposed. That must be followed by a third stage, where a judgment is rendered. That judgment should be made once all of the pertinent argument has been advanced, and when it is made the decision of the majority must be accepted if our parliamentary system is to be preserved.

Honourable senators, what disturbs me is that there seems to be a tendency to reject both those propositions. So often it is no longer a case of reasoned, logical argument for and against a proposal which, when all the pertinent facts have been adduced, moves on to a judgment. Instead parliamentary debate becomes a matter of repetition and more repetition, and tactics and manoeuvres to obstruct and delay. This is what makes a mockery of the parliamentary process.

When a decision of the majority has been rendered, there is today an attitude in society, and reflected in our legislatures and Parliament by an unwillingness to accept the decision of the majority whenever they disagree with it. Whenever society takes a certain position on a controversial matter it is immediately branded as the establishment, and those who disagree frequently resort to measures, sometimes even violent measures, in order to challenge it. This is not the way to preserve a free society.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Manning: We cannot preserve a democratic parliamentary system, of which citizens can be proud, unless the factors I have mentioned are respected.

I have confidence that this house by its conduct will not in any way contribute to the deteriorating process going on in parliamentary Government today.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Flynn: Please.

Hon. Mr. Manning: My own position in respect to the bill is that I agree that some of its provisions are good. However, having knowledge of the thousands of hours of work by governments, provincial as well as federal, and by organizations from one end of Canada to the other, that went into process leading to this bill, and the millions of dollars of expense which those lengthy studies entailed, I am forced to the conclusion that the Canadian people are not getting the quality of product which they are entitled to expect from the Government of this country.

For that reason, I feel I have responsibility to register my protest against the failure of the Government to produce a more acceptable bill than that which we have before us now. For that reason, I propose to oppose the bill on second reading.

Hon. Mr. Flynn: Hear, hear.

Hon. Mr. Langlois: Speak for yourself.

Hon. Donald Cameron: Honourable senators, in participating in the debate I should first like to congratulate those who have preceded me. If I may translate my comments into hockey parlance, Senator Martin last night gave an effective exhibition of stick handling. He made a number of very direct rushes and thrusts, and took evasive action at times with consummate skill. Senator Choquette's speech was perhaps the best he has made during the time that I have been in the Senate, and I congratulate him. Senator Langlois added a bit of piquancy and spice to the discussion, and was both provocative and challenging.

Hon. Mr. Flynn: Indeed.

Hon. Mr. Cameron: Senator Macnaughton, as he usually does, tried to pour oil on troubled waters, and this morning Senator Belisle opened the debate with a very proper presentation. He was followed by our friend and constitutional expert, Senator Forsey, who, in turn, was followed by Senator Lawson who gave a well-reasoned presentation. We have now heard the usual thoughtful presentation which we have come to expect from our colleague, Senator Manning.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Cameron: My only feeling is that with all this competition I may be at a disadvantage. In all the discussion that has taken place on the bill, both pro and con, I have been concerned about the treatment given the sub-

ject by the press. The press has sought to give the impression that the Senate has paid no attention to the bill and that it will ram the legislation through the Senate without adequate thought or care. That is a manifestly unfair assessment. It is not fair to the press, because, in fact, it reflects on the judgment of the press to take any such position. The press has gone further in trying to provoke a confrontation between the Senate and the House of Commons. I consider that unfair, but I shall say more on this subject later.

In participating in the debate, I am conscious of the fact that in the last few months we have talked a great deal about senators being responsible for giving more regional representation. I believe we should look upon ourselves as representatives of our regions as well as of all Canada.

• (1520)

As a consequence, I took the opportunity to call the Premier of Alberta, Premier Lougheed, a long-time personal friend of mine. I asked him what his government's position was, and whether it was a fact that he was anxious that the implementation of this bill be deferred for one year. His reply was, "Yes."

I have been concerned too that five provincial premiers, all young and able and all of different political stripe, have taken the same position. Premier Davis of Ontario, Premier Hatfield of New Brunswick, Premier Schreyer of Manitoba, Premier Blakeney of Saskatchewan, and Premier Lougheed of Alberta, all take the same position, regardless of their political stripe and regardless of their feelings about the pros and cons of the bill. They all want to see it delayed for another year so that they will have more time to integrate their programs with the provisions of this bill. As a representative of one of the regions of Canada, I feel we must not overlook that.

Honourable senators, Bill C-259, the so-called Tax Reform Bill, is, as I understand it, the most massive bill that has ever come before the Parliament of Canada. This massive, detailed, complicated compendium of 739 pages consisting of 332 clauses to which, up until December 4, something in excess of 133 amendments had been moved—and there have been a number since—is a bill of major importance to every citizen of Canada, and one whose complexity and implications have had few equals in the history of this country.

Tax reform has been under discussion for many years, but, specifically, since the Diefenbaker Government set up the Carter Commission in 1962. Since the Carter Commission we have had the White Paper, which has been under discussion for two years; and then in June, 1971, the Government brought in the draft bill.

The Standing Senate Committee on Banking, Trade and Commerce carried out a thorough analysis of the White Paper, and, in the main, were critical of many of its sections. To the credit of the Government, it can be said that they accepted many of the modifications recommended by our committee. In addition, our committee presented three major reports, the last one being tabled in the Senate on Monday, December 13. In view of all these things, I feel it can be said, without fear of contradiction, that our committee carried out the most detailed and thorough study of this bill that has been done in Parliament.

[Hon. Mr. Cameron.]

The committee brought before it something in excess of 60 expert witnesses from whom it heard evidence, and it analyzed the bill in tremendous detail, after which the committee proposed a number of amendments to the Minister of Finance.

At an appearance before our committee on Monday afternoon, December 13, which I unfortunately had to miss, I understand that the Minister of Finance gave an undertaking to the effect that some of the amendments or modifications proposed by our committee would be incorporated in an amending bill to be brought before Parliament in the next session.

What I want to emphasize at this stage is that, contrary to the impression that has been left by many newspapers, the Senate committee, and other members of the Senate who, while not being members of that committee, were able to sit in on its hearings, have given the most considered and thorough study of this bill that any group in or outside of Parliament has been able to do. However, there are many members of the Senate who, because of involvement with other committees or because of their involvement in various other responsibilities, were not able to give time to the detailed study which this complicated bill required. For this reason, I feel it is important that the full Senate not only have the opportunity to discuss this bill to its fullest extent, but it should also have an opportunity to send the bill to committee, to call witnesses, and to go into necessary detail. For this reason, I hope the bill will go to committee, and I hope that the members of the Senate—as distinct from the members of the committee who have already studied the bill in greater depth that we could hope to do in the week or ten days before December 31—will take the time to discuss the bill in as much detail as they feel is necessary.

As has been said in the discussions on this bill, it is one of the most far-reaching and important bills to come before Parliament in many, many years. If the Senate is to be worthy of its name and of its responsibilities it must, under no circumstances, be put in the position of becoming an almost automatic rubber stamp for the other place. In this respect I would like to pay tribute to Senator Martin, because I feel he went out of his way to emphasize that the Senate is master of its own house. Of course, we were all aware of that.

Hon. Mr. Flynn: What do you mean by "out of his way"?

Hon. Mr. Cameron: Senator Martin urged honourable senators to take as much time as they felt this study required.

I want to put on record that I am in favour of the general thrust of this bill. It contains many beneficial items, as well as many items about which there are obviously differences of opinion.

Hon. Mr. Choquette: It is a good bill?

Hon. Mr. Cameron: And at this stage no one can give an authoritative opinion as to how many of the provisions will work. This will only become apparent after enactment.

Among the good provisions in the bill, I would suggest, are the following:

Firstly, the removal of some 750,000 citizens from the income tax rolls.

Hon. Mr. Flynn: That is not proven.

Hon. Mr. Cameron: I am taking the only authority we have around here for making that statement.

Secondly, the increase in the exemptions, for income tax purposes, for both the single and married. These exemptions are not as large as we hoped they might be, but at least they indicate recognition of the fact that something must be done in this area.

Thirdly, the amendments to the proposed taxes on co-operatives and credit unions. This, I feel, is to the credit of the Government. However, let me say here: God help the Government if they do not put these amendments through.

Fourthly, the amendments to the bill as it affects small businesses. This is a step in the right direction.

Fifthly, the capital gains tax. There are many who are opposed to this tax, and I have never been able to understand why. Such opposition is understandable on the part of those who want to escape taxation entirely. In practice, in those countries where the capital gains tax has been in effect it has not been a large money earner, and I do not anticipate that it will be in Canada. I believe it is a fair tax, provided it is applied in a manner comparable to that adopted in other countries.

There are many negative factors in this bill. For example, the manner in which farmers are treated, particularly with respect to the basic herd, I feel is most unfair, unwarranted and unrealistic. Here again, however, I suspect that practice may have the effect of modifying this provision.

Another matter which is going to cause a great deal of difficulty is the valuation of assets on V-day. It is simply going to be a physical impossibility for thousands and thousands of people to get a reasonably accurate and authoritative evaluation of items which they possess in their total inventory of possessions.

The Minister of Finance and the members of the Government have made a great plea about the confusion that would exist if this bill was not passed by January 1, 1972. There seems to be a great feeling of solicitousness for the big corporations in Canada, and I can assure members of the Senate that this is not going unheeded in the country. There is a rapidly growing feeling that the Government is being a little too solicitous for some of the big corporations who are well able to afford tax and legal experts to take advantage of any possible loophole in the tax bill.

Let me say here that I am the first to admit that it is vitally important to the welfare of this country that we create a climate of taxation structure which is favourable to the encouragement of industry in this country. I simply reflect the opinion that has manifested itself to me. People ask the question: Why is the Government being so solicitous for the big corporations and not for the middle income group, which has been referred to earlier?

• (1530)

Hon. Mr. Flynn: Not this Government.

Hon. Mr. Cameron: I have been informed that one prominent lawyer has said he has already found 149 loopholes in the tax bill that he can apply on behalf of his clients. As I said, there seems to be a great feeling of solicitousness for the big corporations, but I have heard very little from the Government or anyone else about the problems that will be created for the individual taxpayers, apart from those who are taken off the rolls, small or large, and for small businesses and farmers. Again I say that this oversight, if it is an oversight, will not go unnoticed by the people of the country.

The Government is making a great deal of play about the endless, repetitious talk that has gone on in the other place, and I agree this has been true to a point. Much of the talk there has been repetitious, a good deal of it irrelevant, and I think the Government was right in bringing in closure. But in fairness I want to say that in my judgment one of the reasons that the members of the Opposition in the other place took so long to discuss this bill, and felt so opposed to it, was its very complexity and lack of clarity.

I said earlier that there were 332 clauses, to which already more than 150 amendments have been proposed. I am sure there will be more before the bill reaches finality. In other words, the bill that will finally come out of the parliamentary mill, assuming the amendments that are being proposed will be accepted, will bear little relation in many of its major aspects to the bill we are being asked to pass today.

I was in the other place the day the house leader served notice that he was going to ask for closure. He indicated that the Government was prepared to bring in 78 amendments to the bill, that they were prepared to accept, if my memory serves me correctly, another 28 from the Opposition. This was on December 4. There have been further amendments since. The fact that the Government has indicated it is prepared to accept this large number of amendments, a number unheard of in the history of Parliament, indicates, in my judgment at least, that this is a bill of such magnitude, such complexity and such importance that it might have been wiser to have brought it in in a number of steps rather than at one time. However, the Government's decision has been to make this major move in one fell swoop, and that is the situation with which we have to deal.

However, as I indicated earlier, I think one of the reasons the Opposition have felt as they have with respect to the bill is its complexity and the fact that it is hard for a layman to deal with it intelligently. For example, section 248, Part XVII, on interpretation, is 16 pages in length. Clause 29, the special transitional rules, is 24 pages in length. There are literally dozens and dozens of sections that break down into clauses, subclauses, and subclauses of subclauses. It is one of the most difficult bills anyone could possibly be asked to deal with. This is, in part, one of the reasons the Opposition have felt constrained to attack the bill as they have.

In addition to the length and complexity of some sections, there are other sections in which one section contradicts another. This suggests that there was insufficient time, or insufficient staff in the Departments of Finance and National Revenue, to bring the bill to proper maturity. However, as I said earlier, I am in sympathy with the main thrust of this bill, and I think that in the increasingly difficult economic situation with which Canada is faced, tax reform is a necessity. We can only hope that this bill

will be a step in the right direction. However, I believe we would be under the greatest of delusions if we did not recognize that this bill will bring about more trouble, more litigation and more confusion on the part of the ordinary taxpayer than anything that has happened in the history of Parliament.

I attended a tax seminar at Banff, at which 200 leading tax experts, accountants and lawyers, in Western Canada were present. After four days discussion they came to the conclusion that they could make neither head nor tail of it.

Hon. Mr. Choquette: That is true.

Hon. Mr. Cameron: On November 14 and 15 I was in Vancouver at another tax session, at which 2,000 experts, lawyers and accountants, were present, and they came away with a feeling of utter confusion. I suggest to you that this is not good for the country.

I want to go back to the fact that the most thorough and detailed study that has been given to the bill has been given to it by the Standing Senate Committee on Banking, Trade and Commerce. The people of Canada owe the committee a great debt of gratitude for what they have done. By their very competence they have demonstrated the importance of the Senate as an institution; they have demonstrated that the Senate is a body that is competent to deal with this kind of complex bill. It is unfair to say that the Senate has not given study to this bill, and I want again to emphasize that the Senate has given the most thorough study it has been given so far.

The Standing Senate Committee on Banking, Trade and Commerce has come up with a number of recommendations for amendment, and I understand the Minister of Finance has indicated that he will do his best to see that these recommendations for amendment are incorporated in the budget. I would hope the Leader of the Government could get even more assurance than we have had so far from the Minister of Finance.

Hon. Mr. Flynn: That will be the day.

Hon. Mr. Choquette: Do not ask the impossible.

Hon. Mr. Cameron: Unless you ask for the impossible you never get anywhere. When the Minister of Finance comes before the committee on Monday, or whenever it is, I hope he will be asked to commit himself as far as he possibly can to see that these amendments are incorporated in the amending bill when it comes in.

I do not propose to say much more on the bill itself at this time, but I do want to deal with the suggestion that the people are not interested, and that they were glad closure had been applied. I think a lot of them were; I think a lot of people could not care less what happens in Parliament until it hits them in the pocketbook, and there is no question that this bill will hit a lot of people in the pocketbook, in spite of the fact that over one million people will be beneficially affected by the bill.

I think it is true to say that the performance of Parliament on this bill is being watched, probably more carefully than has been the case for some considerable time, and the reaction on the part of the informed gatekeepers of public opinion in this country is exceedingly critical of the bill and the manner in which it is being handled by the Government.

By way of example I was going to quote some of the editorials that have been written, but I will not do so, although I have here the editorials that appeared in the *Gazette*, the Vancouver *Sun*, the Winnipeg *Free Press*, the Toronto *Globe and Mail*, the Winnipeg *Tribune*, and so on. I will not take the time to quote them, because I am sure most senators have read them. These editorials, commentaries and feature stories are typical of a large number of newspapers in the country. While I know it is fashionable for some politicians to say that nobody pays any attention to editorials, columnists, feature writers and commentators, I recognize this is true up to a point, but there is no question in the world that when you find a great measure of unanimity against any particular measure, it is not without its effect. I think any government that ignored this would be doing so at its peril.

Lest anyone thinks I am being unduly critical of the Government, I personally think the Prime Minister has given more leadership and more initiative in giving new directions to Canadian foreign policy than any Prime Minister of Canada for a long time. One has only to think of the initiative he has taken over the new relationship to NATO, and I emphasize that he did not withdraw from NATO. As a western Canadian I am happier to have some of our armed forces up in the Arctic showing the flag and demonstrating our sovereignty there than sitting over in Europe doing nothing. There is also his initiative in recognizing the People's Republic of China, which was followed by their admission to the United Nations; then his visit to Russia, with the return visit of Mr. Kosygin, in spite of the controversy it evoked. There was also the visit of President Tito.

• (1540)

All of these things were initiated and at the present time they are critical to the Canadian economy and they would all react in favour of increased trade and better understanding as far as Canada is concerned. In saying that, if I may sound more critical than otherwise on some aspects of this bill, I try to keep my criticism in balance by gladly giving the Government credit where credit is due.

I come back now to the question of the bill itself. I said earlier that I felt this bill had not received the co-ordinated direction and study it should have received before coming to Parliament, and this places a responsibility directly on the Minister of Finance and his staff. I am increasingly concerned about the quality of legislation that comes over from the House of Commons—legislation put together by highly paid people in the Public Service. I am one of those who are increasingly concerned about the role of the Public Service today. I would be the first to admit that there are many dedicated, highly intelligent and highly qualified public servants serving the people of Canada and serving them well. But I am afraid we have been gradually building up a group in the Public Service who are becoming increasingly arrogant, who are exercising a role in the running of the country far out of keeping with their position. We are kidding ourselves if we think it is the people's elected representatives who are running this country—it is the public servants. I read an article in the press early last spring which was very critical of the

government of Premier Robarts of Ontario, because out of 85 members of the Conservative Party in the legislature, he had some 54 members occupying positions on government boards, commissions, and other government bodies.

My first reaction was that this was patronage gone wild. However, a couple of weeks later, in response to the criticisms that were made, a member of the Ontario legislature put his finger on something which made a lot of sense to me. He said, "It could be argued that this is carrying patronage to an extreme, but in my judgment and in the judgment of the government, it is much better to have the people's elected representatives sitting on these boards than to have the boards made up of civil servants." He went on to say that some of the elected representatives who might sit on these boards might not be as competent as civil servants, but if they made mistakes, or if they demonstrated incompetence, the electors could at least deal with them at election time every four years, while you could not get at the civil servants.

Criticism has been made of the Prime Minister, about the large number of parliamentary assistants and other officials he has serving him in one capacity or another. Again, it is much better to have the people's elected representatives serving on commissions and boards than it is to have public servants, as far as it is possible to do so. I would go a step further and say we have reached the stage where we have given too much security to public servants and it might be desirable to see a change made in our regulations whereby about a hundred of the top positions in the service would be thrown open to change when a government changed. I think this would have a salutary effect all through the Public Service. We are at a stage today where public servants are not only drafting legislation, which they must do, but they are preparing the regulations by which statutes are implemented, and in effect they are becoming the czars of government administration.

One has only to think of the appalling misuse of power that the people in the national parks have had to put up with for years, by the interpretation of regulations by non-elected officials of the Government—and I use this as only one example among many others. I could go on at length but this is not the occasion to do it.

I want to make the point that this bill has been prepared, in the main, by public servants and it does not reflect any great credit on them, in spite of the fact that the general thrust of the bill is favourable. It may be that they did not have enough staff—I do not know—but we see the bill as a result.

I come now to something else that gives me great concern and that is the way the House of Commons, and the cabinet, is treating the Senate. I think it is fair to say that at no time in the last 16 years, since I have been here, has the Senate received the credit for the work it has been doing, to the extent it has in 1971. The Senate has been given credit for having made some major contributions to the discussions of and the solution of many of the pressing problems affecting Canadian life. One has only to think of the reports of the Special Senate Committee on Poverty, on Finance, on Science Policy, and the work of the Special Joint Committee on the Constitution, and others.

The Senate has been playing the role for which it is intended, and doing it with credit to itself. It stands higher in the estimation of the public than it has done for many years. I have had the privilege as a member of the Special Joint Committee on the Constitution to participate in public hearings from St. John's, Newfoundland, to Victoria, and from Milk River in Alberta to Inuvik in the Northwest Territories. There were certain Commons members on that committee who made no bones about the fact that they would like to see the Senate abolished, and the question came up in meeting after meeting, from one end of Canada to the other. It was an eye-opener to some of those Commons members that, while there were some people who would like to see the Senate abolished, the great majority—as I read the reaction when the question of Senate abolition or reform was raised—wanted the Senate preserved. They did want to see it reformed, and I concur with this view. However, it must give concern to every thinking Canadian, and to every member of the Senate, that the Government of Canada would, even through inadvertence or plain bad management, put the Senate in the position where it could not possibly give the kind of consideration this bill deserves.

I said a moment ago that one of the reasons for the great deal of discussion, confusion and argument in the House of Commons and throughout the country was that this bill is in a very unfinished state. There are sections that are so long as to be almost meaningless. There are other places in the bill where one section contradicts another and, while anyone recognizes that a tax bill is, of necessity, a rather complicated bill, with many amplifying clauses and subclauses, this one has certainly come to us in a very undigested and unco-ordinated state.

Some people have referred to me as an academic. Senator Connolly has done that more than once. I might qualify in that capacity, but I also qualify from the standpoint of being a businessman. If I may wear my academic hat for a moment, I would say that were any graduate student in economics or in political science to have turned in a piece of work to me that was in as unfinished and unclear a state as this bill is, I would fail him without question. I would have acted like Senator Forsey with his famous rubber stamp, so much so that I would have a cramp in my right arm from using the stamp whose imprint was: "See dictionary".

I think this is where we must put the blame. Either the public servants who have done most of the work in drafting this bill have not had time to put it in proper shape or to follow through the implications of a lot of the recommendations they were making and to compare one section with another and try and predict what the implications of the sections would mean when put in practice, or the cabinet in its mad rush to get this bill through has thrown discretion to the winds and is willing to take the risk of having complete chaos forced upon hundreds of thousands of taxpayers within the next year or two.

If this bill is passed in its present form, people who can ill afford it, small business people, private citizens, who cannot figure out what their tax position is, will have to go to high-priced legal or accounting talent to get some of the

answers. Even then they might not get the answers because many of these accountants and tax lawyers will tell you that they do not know what the bill means. The implication is that the matter will be referred back to the public servants for an interpretation of the regulations, and there will be such an avalanche of these referrals that the whole thing will bog down from its own weight.

I feel that the Government has made a very serious mistake in trying to ram this bill through in its present incomplete state. The Minister of Finance has admitted under questioning that he does not know what the implications of some of the sections will be, and if he does not know then thousands of others do not know.

• (1550)

This bill is the kind of bill that, to do it justice, requires a lot of time. It requires detailed clause-by-clause and subclause-by-subclause study, and this cannot be done in a week or ten days. The Standing Senate Committee on Banking, Trade and Commerce has already done a magnificent job on this bill, having made over 50 amendments to it through the White Paper and its three additional reports, but even the committee admits that it has not covered the whole report. They have not analyzed the effects of many of the amendments, and yet we are asked to put this measure through. No member of the Senate is qualified to discuss this bill intelligently or adequately in the time at our disposal, and, if we accept that thesis, then it follows that we are going to pass what is, in effect, a premature bill. It will become law and we will then have an aftermath of litigation, confusion and costs which will be loaded onto the necks of the people.

I was here during the famous pipeline debate of 1956 and I went through that exciting but, nevertheless, sorry time. I recall vividly how some members of the cabinet, who were friends of mine, could not believe that the press and the media were reporting the facts when they reported that there was a rising tide of criticism and condemnation of that bill throughout the country. You could not tell those ministers anything at that time, and I sense this same situation developing today. While this is a much more complicated bill than the pipeline measure was, I sense particularly in the last ten days a rising tide of the same kind of feeling—a resentment of criticism, an unwillingness to listen and an intolerance of divergent opinions.

If you examine the press today; if you examine the editorials; if you examine the writing of knowledgeable columnists and radio commentators; if you make such examination you will find the large majority are critical of this bill. I know that the posture of some members of the cabinet, and many of the members of the Government, is to the effect that no one pays any attention to newspaper editorials or to columnists or to commentators. That may be true under certain circumstances, but once the situation arises when 90 per cent of these people are writing or speaking in a critical vein, then the storm warnings are up and the government of the day, regardless of what party it is, should ignore those storm warnings only at its peril.

I do not propose to go into any detail on the bill; that would be a complete waste of time. But this bill, and the manner of its presentation in the Senate, has raised another important issue, the role of the Senate itself.

[Hon. Mr. Cameron.]

I said earlier that the Senate has been growing in prestige over the last few years. Much of that growth has occurred during the time of the leadership of the present leader, Senator Paul Martin.

Hon. Mr. Grosart: Hear, hear.

Hon. Mr. Cameron: I have been one of those who have been very happy to see that changing status of the Senate; but I would be less than frank if I did not say that I would resent the Senate's being put in the position where it cannot deal effectively with a major piece of legislation—a position in which it is asked, almost under duress, to get this bill through by a certain date.

Personally, I take the stand that we must have all the time that is necessary to do the bill justice, and so I say that the Senate is being put in an impossible position and that this is being done by the cabinet and the House of Commons. Thus, it seems to me that they have raised an issue which must be faced: Does the Government really wish to have the Senate abolished? If it does, why does it not say so? There was a time when I might have gone along with that decision, and I hasten to say that if the Senate were abolished today or tomorrow or 50 years from now it would not make much difference to me personally. Like Senator O'Leary, I did not come to the Senate in order to obtain a guaranteed annual income. In fact, my income has been curtailed substantially since I have been in the Senate because I have given my time to the people of Canada. I have no regrets about that. I have enjoyed my work here and I have seen the increasingly important role the Senate has been playing and can play and the increasingly important role it could play in the future. But it certainly cannot play that role effectively if it is going to be put in this position time and time again. And bear in mind that this is not the first time that legislation has come over to the Senate with a deadline attached to it as if to say, "This must be passed by a certain date, or else." Certainly this has happened before, but never on a bill of such major importance. Money bills have quite often come over before adjournments at Christmas time, but, as I have said, never a bill of such major importance and never in circumstances such as these.

Consequently, I think the Government has raised an issue of major concern to the people of Canada. Does it want the Senate to remain a viable part of Parliament or does it want the Senate abolished? Let us come out in the open and ask this question. If it wants the Senate to continue, then we should serve notice now that the Senate will only continue on the terms that the Senate itself will lay down as to how the Senate will receive legislation and what time they will take to dispose of it. As a matter of fact, in many other countries, for example, Australia, they have their adjournments fixed. Nothing serious seems to happen as a result of that, and it is conceivable that we, too, could have fixed adjournments.

I do not want to prolong this debate, but I wish to say that I would like to see this bill go to committee. I want to be able to get information on a number of items from different sources, including the ministers and the various authorities. Just to mention some of the items I am interested in, there is the employees' profit-sharing plans, the effects of the rollover clauses with respect to the transmit-

tal of farm property, the matter of the basic herd, the effects of the transaction taxes, the complications of the V-day valuations, the implications of the capital gains tax, and many others.

Yes, I want this bill to go to committee and I want the minister to appear before us in order that we may have more assurance than he has given us so far that a major portion of the 50 amendments submitted by the Senate will be implemented early in the next session. Unless the Senate can be assured that a major portion of its recommendations will be incorporated in the new legislation at an early date, I would feel constrained to vote against the bill. But if we get this assurance, or reasonable assurance, then I think the main thrust of the bill is sufficiently good that I can support it.

In the mad rush to get this bill through Parliament before January 1, 1972, we have lost sight of the responsibility that Parliament has to bring before the people carefully prepared legislation, the implications of which have been studied much more carefully than is obviously the case with this bill.

I recognize that it is easy for members of the Government to make excuses and to say that previous tax bills have been subjected to amendment in the past. This is true; but it is also true that never before in the history of this Parliament has a bill been presented to the people, the implications of which are so unclear and so indefinite in so many important areas.

The Government has made a great deal of fuss about the uncertainty which will be caused if this bill is not passed by January 1. The Government has done this without defining, or being specific in spelling out, just who will be affected and to what extent. Here I am not being snide. I am simply saying that I would like to see these things spelled out more precisely than has been the case so far. It may be that the Government is right, but I would like to know more about it.

In other words, as I read the statements that have been made, there has been a tendency to raise an undefined monster called "uncertainty" and to use this monster as a threat and as an excuse for rushing this bill through. I am sure that if the Senate does find it necessary to delay the passage of this bill beyond December 31—and I do not think it will—the heavens will not fall and there will be no great calamity to Canada or Canadians.

I think it is unfortunate that the impression is getting abroad that the Government is saying to the people, "After years of being in a minority position, we now have a majority and we are going to ram legislation through whether the people like it or not." The reading of history indicates that that is the road to disaster, and this Government, like many of its predecessors, has no claim to omniscience and it, too, could go the way of its predecessors. Make no mistake about it, the pipeline bill was a simple bill compared with this one. It was a bill that, while in its results it has been good for Canada, affected a relatively few people. This bill, in spite of the fact that it will ameliorate the tax position of, it has been said, one million Canadians, will nevertheless cause a great deal of uncertainty, a great deal of expense and a great deal of confusion to those thousands of other taxpayers who are inevitably going to have to pay substantially more in taxes than they have paid in the past. As I said a moment ago, the impression is abroad that the Government is being unduly solicitous of the big corporations and not sufficiently so of the middle group. I think it would be very unwise and very dangerous if they did not pay more attention to the thousands of people who are confused and uncertain and angry about the manner in which this undigested, unclear and uncertain bill has been prepared.

• (1600)

I said at the beginning that I was in favour of the main thrust of the bill. I still feel that way but I think that the good elements in the bill are being vitiated and prejudiced because the Government has not taken the necessary time to prepare the most important piece of legislation to come before any Parliament in many long years.

Hon. Sidney L. Buckwold: Honourable senators, it was interesting to listen to the speeches of the two previous senators who rose, and as I listened to the wise words of Senator Manning, coming like a chinook from the beautiful mountains of Alberta, I gathered as he gained momentum that he was almost ready to support the bill. He pointed out a variety of problems, but indicated that government should govern and that in fact there were many good things in the bill.

I then listened to my colleague, Senator Cameron, who proceeded in a very effective way to discuss some of the problems of the bill, and then to point out that in spite of these problems he thinks it is good legislation. His particular presentation emphasized his concern that the Government was involving itself too much with big business and not enough with medium-income people.

I for my part should like to stand in defence of the average taxpayer of the country. I should like to think of this bill, although some of my colleagues might disagree with me, as a tax reform bill, and I would remind all honourable senators that reforms are always very difficult to attain, and that the maintenance of the status quo is always the easiest course to take.

There is no doubt, as we have all heard in this house many times, that there are many complications in the legislation in front of us, but on the other hand we are proceeding, hopefully to put into law a new concept of tax on income that involves a major change, and one that undoubtedly will create further problems. The Government itself is the first to admit that this is not a perfect piece of legislation, and I should like to suggest that studies by committees *ad infinitum* may not necessarily make it a perfect piece of legislation.

I do not know just how long the bill should be delayed, or how long the studies should go on. It has been in the House of Commons for 50 days, and it has been before the people of Canada for some years.

In this regard I am reminded of a radio skit I heard not too long ago about a fellow who goes to a shoemaker with a stub to get his shoes. He said to the shoemaker, "You know, I left my shoes here three years ago to be repaired and afterwards I was drafted, and had to go to Vietnam. I wonder if you still have my shoes?" The shoemaker looked at the ticket and then said, "I have them, and if you come back on Thursday next they will be ready." I have a feeling that this is the type of situation that will develop if

we continue to discuss every detail of every sentence of every article and every amendment in this bill.

Honourable senators, I think what we have to look at here are the basic principles, and I share Senator Cameron's view when he indicates that the continuity of the Standing Senate Committee on Banking, Trade and Commerce is of vital importance. I do not feel that if this bill is passed the possibility of the Senate's making very important changes to the legislation is precluded. We are only just beginning. The committee can continue to meet and to present proposed amendments to the Government.

I was interested in Senator Manning's views and I almost gathered from what he said that he was going to go along with the bill, particularly when he said that the Senate would not be asked merely to make amendments but that we would be in a position to propose amendments to amendments. I think we all agree that this would be a very desirable thing, and I compliment my colleague on pointing it out, because the process of developing the legislation and getting the correct interpretation put into words is not going to be easy. Already it has involved quite a considerable process.

Senator Manning has indicated the role of municipalities and pointed out the problems involved, and what he thinks would have been a good change to make by allowing the interest paid to the holders of $10,000 of municipal bonds to be tax exempt as a means of helping taxpayers. I happen to have been at one time the chairman of the finance committee of the Canadian Federation of Mayors and Municipalities when we presented our views to the House of Commons committee discussing the White Paper. At that time it was pointed out, as it has been on many other occasions by several ministers of finance of various political views, that rather than being a form of equity it would in fact be a subsidy to those who were able to buy bonds, namely those who are in a higher income bracket, and that in fact they would consider it very poor legislation. I simply pass that on as the reaction to that suggestion, there are many who feel that if the objective is tax equity you do not make it easier for the rich or middle-income group to obtain tax exemptions.

We felt it would have been better to allow the first $300 of property tax on an owner-occupied home to be tax exempt. This would not necessarily help the rich although it is argued that by bringing that exemption in, because of their higher tax rate, the more wealthy people would benefit to a greater degree. I am sure all honourable senators realize that these are the kinds of questions that must face any minister of finance when he is trying to devise a program based on equity.

I very much appreciated the point raised by Senator Manning on the question of uncertainty, and I know that we were all pleased to hear about the great tar sands development that would provide up to 9,000 jobs in the Province of Alberta and result in the development of a great natural resource. I share with the former Premier of Alberta the pride that that province takes in the development of its natural resources, but I would point out that the only way that uncertainty is going to be dissipated and projects like this move into actual physical production is by the reduction of some of that uncertainty, and the first step is to get this bill passed into law. Some people may say this only adds to the uncertainty. I do not believe this. When this bill is passed the department will have to interpret it.

• (1610)

I do not know whether I am giving away a state secret, but I asked the Minister of National Revenue whether the Government was making preparations to answer the multitudinous questions it will receive so far as the implications of this bill are concerned. He indicated to me that every possible effort is being made to develop the staff to the greatest degree, in order to be able to answer the questions.

I feel the success of this bill, once it becomes law, depends to a large degree in the early stages on the policy of the Department of National Revenue in making clear to taxpayers what their position will be, and to do this with the minimum of delay. This is the extent of the commitment the Government of Canada can give. It does not mean they will answer every single question because that would be impossible. However, to a great majority of concerned taxpayers, answers should be forthcoming. This is what will make this legislation workable.

This morning, Senator Belisle indicated that the tax aid suggested in the bill was a farce. This upset me a little. I do not feel it is a farce when 800,000 working mothers will be able to claim a deduction of $500 for each child for day care costs for up to four children, or $2,000. It will mean a great deal to those who need this help. I have not heard many people say it is a farce that hundreds of thousands of our senior citizens over the age of 65 will be getting an additional $650 exemption. This is a significant amount, and it will eliminate income tax for many senior citizens who need this help. I do not think it is a farce that the guaranteed income supplement to the old age pension, which will raise the income of those who have no other source, will be exempt from income tax.

These are not farcical provisions. I suggest they are very real. I do not feel that the raising of the exemption for small businesses from $35,000 to $50,000, as a result of representations made by this body as well as many others, is a farce. It will help them very considerably. I do not think that Senator Lawson would agree that allowing working people a deduction of $150 for tools in their trade or extra clothing is a farce.

Hon. Mr. Choquette: Everyone loves a Santa Claus.

Hon. Mr. Buckwold: Is that Santa Claus I hear speaking?

I do not feel that the allowance of moving expenses to workmen going from one job to another is something that should be treated cavalierly as it has been. I prefer to think of this as tax reform which will help 4.7 million taxpayers by reducing their income tax.

I represent the Province of Saskatchewan and I am aware, as Senator Cameron has indicated, that we have problems regarding the basic herd concept, and the rollover on a family farm and the gift tax involved. On the other hand, I am well aware that the bulk of our citizens in the lower income brackets are going to benefit from this reform. I would like to think that the Senate as a whole, along with the Standing Senate Committee on Banking, Trade and Commerce, has played a vital part in this reform; that it is merely beginning to break new

ground, and will continue to make this reform more efficient and workable.

Honourable senators, I suggest that if this bill goes to committee, and I hope that it does, we will have an opportunity to review and assess those areas that concern us, and they will still be considered by the Minister of Finance in due course. I hope we will continue to be as vigilant and active in the new year as we have been in the recent past in bringing to the attention of the Minister of Finance the amendments we feel are required to make this legislation completely workable.

Hon. Gildas L. Molgat: Honourable senators, I was pleased when the Senate did not choose to accept Senator Flynn's motion that we adjourn until January 10.

Hon. Mr. Flynn: Go ahead and fill in time.

Hon. Mr. Molgat: I was convinced the proper action for the Senate was to proceed with the debate, which it has done. I am sure all those who have been in the chamber will recognize that it has been a very useful debate.

Hon. Mr. Flynn: The results will indicate that.

Hon. Mr. Molgat: Some excellent speeches and good suggestions have been made. I feel we are dealing with this bill as a responsible body and in the manner the Canadian public would expect the Senate to act.

I agree with those who have suggested that we should not proceed by exhaustive legislation. I would not agree to sit here hour after hour in order to force members of the Senate to vote a certain way only because they are too tired to continue debate. I do not agree that we should pass this legislation under pressure. However, I feel we have had useful, constructive discussion in this chamber and we will continue to deal with specific areas within the bill if it is referred to committee.

I express my thanks to Senator Flynn and Senator O'Leary for their comments on the motion of Senator Flynn to adjourn the Senate. Senator O'Leary has warned that the Senate will be abolished if we proceed along the course the Senate has chosen. Both senators have indicated we need to get to work but they suggest that the way to do it is to leave this place for three weeks. Well I have decided that once the Senate is abolished I will make application for employment to both Senator Flynn and Senator O'Leary. I like their definition of work, if they mean we should take off for three weeks.

Hon. Mr. Flynn: If that is the best you can do then you should do it.

Hon. Mr. Molgat: During the course of the last few days, honourable senators have been receiving various editorials from different parts of the country. We received two editorials from Senator Heath yesterday, and we received one from a Mr. Davis of Winnipeg, taken from the Winnipeg *Tribune* dated December 15. It is not my intention to read those editorials to the Senate. They have the same theme, and it has been repeated and inferred in a number of speeches in this house.

• (1620)

The first is that the Liberal senators in particular and the Senate in general have been subjected to pressure and that we must pass this bill and pass it at once. The second is that the bill is of tremendous size and that the Senate has not had time to study it. These charges have already been refuted by a number of speakers, notably the leader of the house on the Government side and again last night by Senator Langlois.

Hon. Mr. Flynn: The Leader of the Government; there is no leader of the house.

Hon. Mr. Molgat: Yes. So I only refer to them in passing.

Dealing with the second charge, that there has not been time to study the bill, I find it almost amusing. It is as though the Senate were receiving a Christmas present from the House of Commons, all bound up, sealed and marked, "Do not open until 4 o'clock Friday afternoon, December 17." You would think honourable senators live in a vacuum, do not listen to the radio, watch television, read newspapers or have access to the House of Commons *Hansard.* It is as though suddenly, at 4 o'clock yesterday, for the first time we heard about this bill. Nothing is more ridiculous. A copy of the proposed bill was given to all of us back in July. The Senate when it reconvened on September 14 referred the bill to the Standing Senate Committee on Banking, Trade and Commerce. It has been studied in great detail. Some editorials do not make any reference to the Banking Committee, but imply that our first knowledge of the bill was on Friday afternoon. This is absolutely incorrect.

Also in passing, I note constant reference, particularly in editorials, to the length of the bill. It is constantly referred to as "That 707-page bill; how could anyone go through it?" The bill we received yesterday is a little longer, 740 pages, in fact. But it is printed in both the French and English languages, and I doubt that all senators will read both versions. So, if it were printed in one language only it would be 370 pages long. This is not of great importance, but it indicates that the constant reference to 740 pages is inaccurate.

With reference to the charge of pressure, I can state categorically that I have not been pressured, threatened, warned or ordered. I have not even been asked particularly to support the bill.

Hon. Mr. Choquette: Do you have a caucus? Is it two, three or four?

Hon. Mr. Molgat: No one in caucus has told me to support this bill. I will deal with it on the basis on which I entered this house, that if I am satisfied it is the right bill for the people of Canada I will support it.

Hon. Mr. Flynn: If you say you experienced no pressure at all, you are not flattering yourself. Pressure is imposed only on those who need it.

Hon. Mr. Molgat: The honourable Senator Flynn can deal with the question as he sees fit.

Hon. Mr. Martin: I think this is a reflection on all honourable senators. I am sure the Leader of the Opposition, who is a fair-minded man, would not wish to make this imputation against all members of this house.

Hon. Mr. Flynn: I said, recently, and I will repeat, that we are subjected to pressure, whether from outside, editorials in the press, or otherwise. We are all subjected to pressure and I think it is a useless argument to say "I have not been subjected to pressure." We know that we

are all subjected to some type of pressure and to affirm this is rather naïve. It is in this way that I dispute the argument of my honourable colleague. I do not impute anything wrong, but just to ignore pressure would not be frank.

Hon. Mr. Fournier (De Lanaudière): You were more specific than that when you said pressure was exercised on those who needed it.

Hon. Mr. Flynn: That is true between colleagues. You do not talk to those whom you are sure will share your views. I consult with my colleagues sometimes and suggest a course of action. I do not consult with those who agree with me, but with those who are inclined to disagree. What is wrong with that?

Hon. Mr. Fournier (De Lanaudière): I am in the habit of speaking to all and making no choice. I would even speak to the honourable gentleman at any time.

Hon. Mr. Flynn: I do not think what you do is a very good example of what takes place here.

Hon. Mr. Molgat: If Senator Flynn is referring to everything that can happen with regard to public opinion, admittedly we are all subject to that pressure. If he suggests, however, that someone on the Government side has ordered me to do something, that is absolutely incorrect. No one has attempted to do it and I am quite sure no one will. That would be the surest way of ensuring that I would oppose the bill.

I wish to discuss one specific matter contained in the bill. This was referred to this morning by Senator Forsey and also by Senator Manning. It is the question of the tax on the natural resource industries. In this regard I recognize part of the validity in the arguments put forward, that the manufacturing sector provides more employment. One has to recognize, however, the different rate of development in the various parts of Canada. It is all well and fine for someone from the central part of Canada, where there is a large secondary manufacturing industry, to adopt that theme and say we should now change the tax rules because this would suit their area better. That kind of change, in my opinion, works to the disadvantage of certain parts of the country. I think it would work to the disadvantage of the Maritime region. I know that it would work to the disadvantage of my own province, because we have not reached the level of economic development of either Ontario or Quebec. We are still at the stage where they were some years ago when their basic development was in natural resources. Secondary manufacturing normally follows that development. The Province of Manitoba has a population of approximately one million people, which is too small in many cases for the establishment of any sizeable manufacturing industry. It has not a sufficient market and is too far from the large markets of eastern Canada to be able to compete in the field of manufacturing. Therefore, if we are to develop we must look first of all to our natural resources industries.

What happened, in fact, in past years? How did the Provinces of Ontario and Quebec develop? The tax rules which applied in many cases encouraged for example, the mining industry in northern Quebec and northern Ontario. Those areas were more accessible than ours, closer to the centres of population and easier to reach. For these reasons northern Ontario and northern Quebec developed very substantially in the mining and pulp and paper fields. Our development did not come as quickly. Until very few years ago basically in Manitoba there existed only one mine, Flin Flon. It is only in the past eight or ten years that there has been any sizeable development, such as Thompson, Lynn Lake, and so on. Development is now growing, but it is our opinion that if we change the tax rules at this time, and if the situation is more attractive elsewhere, mining companies will not continue exploration in our area. The resources may exist, but they will not be developed. We want to be in the position of getting every cent of taxation we can from our natural resources, but as long as they are undeveloped they will certainly not produce taxes and provide employment.

• (1630)

When dealing with the question of the natural resources from the point of view of taxation, we ask those in central Canada to accept the position that manufacturing must be encouraged. I agree with this. We would like to see manufacturing in our area, but we have to start off with the things that we can do. We must first build up our population to the point where manufacturing can follow.

Returning to the bill in general, like most senators and most Canadians, I have mixed feelings about it. There are some things in it that I like and some things that I do not like, but I suppose that applies to every bill that is passed, certainly every tax bill. I do not know many people who like to impose taxes, and certainly none of us likes to pay them.

I am prepared at this stage to support the bill in second reading and have it go to committee. When the bill reaches committee I hope to learn something about a number of items. For instance, is it all that serious to pass the bill by January 1 as has been claimed? What would be the effect of not passing it by that date?

Hon. Mr. Benidickson: Who would you expect to advise you on that?

Hon. Mr. Molgat: I would expect that representatives from the Department of Finance, and no doubt the Minister of Finance, would be present to deal with the matter.

Hon. Mr. Choquette: You could get that answer right away from the Leader of the Government.

Hon. Mr. Molgat: I would like to hear from departmental officials about the effect of any delay in passing the bill. What would be the effect on the whole of Canadian development and Canadian employment?

If in committee we find that it would be unwise to delay passage of the bill, I would be prepared to support third reading on the condition that we receive assurances in committee that the amendments proposed by our committee, and any other amendments that we might wish to make at a later date, will be proceeded with. Some, of course, may not be proceeded with, but at least a good number of them will. Further, when those amendments are brought forward in an amending bill, should the Senate wish to make further amendments at that time, will it be able to do so? I assume any amending bill to come before the Senate will re-open the tax legislation and we will be permitted to deal with any item in the bill. That is my understanding of the standard practice. If

those conditions are met in the committee stage, I will reserve my right to decide what I shall do on third reading.

Honourable senators, I believe that at this time we should send the bill to committee and receive assurances there, and if we cannot obtain them we should then decide what we must do. I trust that we can get those assurances.

Hon. Paul Martin: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if the honourable Senator Martin speaks now his speech will have the effect of closing the debate.

Hon. Mr. Martin: Honourable senators, as the last speaker has said, although at times the debate has been heated, it has been good and constructive. It is one that, generally speaking, has done honour to the Senate and should be so regarded by those outside the chamber who have sought to tell us where our duty lies.

Let it be re-asserted that, as members of this upper house, we have taken an oath of loyalty and have given an undertaking to discharge our functions in a dutiful manner. While what we do cannot be expected to satisfy everyone, let it be clearly understood that what we do is the result of our own individual judgment as senators.

Hon. Mr. Flynn: And collective judgment.

Hon. Mr. Martin: There has been no undue influencing, and I accept what the Leader of the Opposition said a moment ago when explaining what he meant by pressure, particularly pressure from outside.

We are masters of our own house. We make our own decisions in the light of our own consciences, in the light of our own responsibility. That is clear. In my own case, as a member of the Government I have the responsibility of outlining the Government's policy. That I have done, and that I will continue to do. But that in no way should cause any senator to register his vote in a way that does not fully comply with his own concept of obligation and duty.

A number of points were made by various speakers. I shall not take up the time of honourable senators by answering all of them, or all of the questions that were raised. However, there are a number that I should like to deal with at this time.

Senator Buckwold suggested that replies should be given by Government departments concerned, in anticipation of situations that fully mature. I point out to him that the Minister of National Revenue has said that many explanatory booklets have been mailed to taxpayers, and others will be distributed as soon as the bill becomes law. An effort will be made by the department, contrary to its traditional practice, to provide answers to questions, whether hypothetical or actual, related to problems faced by taxpayers.

Senator Cameron raised a point concerning V-day appraisals. It should be understood that for the large majority of taxpayers V-day does not have the relevance that Senator Cameron suggested, particularly in view of the fact that principal residences are exempt. V-day is relevant under the act only in respect to such things as stocks and bonds, business assets, second homes and cottages, land, and personal property worth more than $1,000.

• (1640)

With regard to the confusion which he suggested might apply to small taxpayers, his point is not well taken. For the millions of taxpayers who are on salary the new system will be as easy as the old system. It is just a matter of filling out a printed form. There will be increased complexity, of course, for businesses and corporations. That is why many of them have been concerned about the effective date. Much of this complexity can be attributed to relieving provisions.

Senator Manning said that there was much in the bill that deserved commendation. Senator Molgat also made this point, and this is a point I made myself.

As Senator Molgat pointed out he could not recall any tax measure that was fully acceptable. Indeed, many bills contain provisions that are not always in accord with one's judgment, but we have to look at the responsibility of the Government for the formulation of tax policy, in the position of an elected house as well as in the position of this house, within the context of the Canadian Constitution. With this as a background, we have to ask ourselves not whether every feature of the bill is satisfactory, but whether, in light of the obligations that face the Government, it is not in the public interest, notwithstanding individual views on particular provisions, that confusion be removed and stability established so that the economy can function without undue obstacles placed in the way, and uncertainty in the law itself removed.

I am sure no one understands this point better than Senator Manning himself who, for a long time, was the—

Hon. Mr. Benidickson: You have already said that.

Hon. Mr. Martin: —was the Premier of his province. He made this point when he was Premier of Alberta, I am told, on several occasions, particularly at the end of each session of the legislature when he was faced with the crowded situation that always attends the Canadian Parliament at this particular juncture.

I agree with Senator Manning that the parliamentary process is criticized today. Not only this house but Parliament itself is being accused of not being relevant—that it has lost its meaningfulness. Senator Manning made a moving plea for dedication to the democratic parliamentary system. He said there was need for self-discipline, a need to recognize that at some point the decision of the majority has to be acknowledged, and that if we are going to make progress respect for that majority decision has to be noted. I thought that was valuable advice from an experienced legislator and former head of government. I find it difficult, however, to relate that to the next point in the syllogism, namely, that the Government itself deserved condemnation.

Not only has the Standing Senate Committee on Banking, Trade and Commerce spent a great deal of time examining this legislation, its provisions and amendments—even though we were not legislatively seized with the matter—but it spent a great deal of time studying the White Paper. There has been a general debate in the other place. We ourselves are engaging in one now. We have before us a number of days that exceed the time, for

instance, that was taken in the British Parliament on a vital matter for the United Kingdom and for Europe—Britain's entry into the Common Market. That question took six days in the British Parliament. It was not a travesty of the democratic process, and it would not be a travesty of the democratic process, as the Montreal *Gazette* stated this morning, for this house to take the amount of time which was envisaged for it in order to deal with this legislation. This is a matter which the Senate will decide. This Senate will decide how much time it will devote to general debate on third reading. The committee will decide how much time it will take to study the legislation. These decisions will be made honourably.

I do not suspect for one moment, in spite of the action of honourable senators, that this will stop the criticism of this chamber, but at least it will be a satisfaction to honourable senators, wherever they sit in this house and whatever their political complexion. Whatever be the criticism, we will have discharged our duties.

Senator Manning made the point that under the bill the taxation of natural resource industries is dealt with largely by way of regulation. He is, I think, referring to earned depletion. However, it should be pointed out that the old method of automatic depletion was also dealt with by regulation under the old act. The regulations will be made public. The reason it is done by regulation, of course, is to permit a greater flexibility by the Government in adapting rules to current circumstances. There is no other way by which this could be done.

With regard to Senator Manning's point about death duties, we have steadfastly argued that capital gains are not a substitute for death duties. The former is a tax on a previously untaxed form of income, and the latter is a once in a lifetime wealth tax. The only problem arises when a man dies with an accrued but unrealized capital gain, whereupon two different taxes might be imposed at the same time. This was the reason why the federal Government decided to give up the federal estate tax. I might say to Senator Manning that the Province of Alberta has already indicated it will not impose a provincial succession duty. That decision is now clearly one for the provinces to deal with on an individual basis.

Senator Manning mentioned federal-provincial fiscal relations. I know he has had a good deal of experience in this area, and while I have not been a delegate at every federal-provincial conference, I have, I think, attended all that he has attended. The point he makes as to the elimination of the abatement system in the personal income field leaves the provinces completely free to apply as heavy a weight or burden of tax as they need to meet their fiscal obligations, just as we have to meet ours. The problem of exempting interest on municipal bonds was considered and abandoned, principally because the financing of municipal expenditures is essentially a provincial responsibility. If the federal Government adopted Senator Manning's suggestion, it would amount to a transfer from the federal Government to the provinces.

• (1650)

I think that the points that have been raised have been answered. At least I have answered them as well as I can.

It was suggested yesterday that most of the international measures in Bill C-259 were causing great concern. I would simply point out that most of the international measures in the bill are not effective until 1976, when a wider treaty network will have to be built up to assist in the expansion of Canadian business.

The suggestion is made that we should pass the bill in 1972 and make it retroactive to January 1, 1972, notwithstanding all the debate and study that has been undertaken. All I can point out is that there is strong evidence, on the part of the legal profession alone, not of agreement on the bill but of agreement that a bill which has not received royal assent may be lacking in the quality of enforcement. Such a situation could cause great confusion and uncertainty to businessmen, as they would not know which income tax law would apply to their transactions in 1972. I agree with Senator Molgat. That area is one I personally would like to see exposed. I think it is an important one, and indicates one of the reasons for the position the Government takes.

Some have argued that the bill should be divided into several parts. That proposal was made in the other place; it has been made here today; it was made in the careful statement last night of Senator Choquette. I only point out, as I think is clear on an examination of it, that all parts of this bill are intricately interwoven, and it would take months to split the bill into sections, as is proposed, and make them workable. I think there would not be anything more inimical to business stability, to certainty for business itself, and for the public generally, than if they were to be left in a state of uncertainty as to by which law their tax problems were to be governed.

I believe, honourable senators, that in the general debate that has taken place we have had an opportunity, in the perspective of the time we have had during these months since July 12 last—

Hon. Mr. Benidickson: And of last year.

Hon. Mr. Martin: And of last year—to appreciate the significance of the vital bill that is before us; a bill that is voluminous, but which seeks to create a new area of action, and serves to implement new reforms. It has gone through the process of parliamentary dialogue and parliamentary discussion, and we are now engaged in the same process here. We will take whatever time and whatever means are necessary to give this matter the kind of discussion the situation deserves.

We have before us, of course, the reference made by the Minister of Finance before the Standing Senate Committee on Banking, Trade and Commerce on Monday. If, as I hope, the Standing Senate Committee on Banking, Trade and Commerce is asked to deal with the matter, an opportunity will exist to have the minister there again, and also some of the officials, who will explain some of the detailed points that I have covered in a general way, which are so vital in the conduct of good government, particularly in this area.

I would just say to Senator Manning that at page 38 of the proceedings of the Standing Senate Committee on Banking, Trade and Commerce he will find in an exchange between the chairman and other members of the committee the chairman's view on the constitutional position of the kind of amendments Senator Manning mentioned in his speech.

Honourable senators, every upper house has been challenged, not only in this day of populist emphasis, but for a long time. This house, its integrity, its purpose and its function, has been challenged and criticized by many people over the years. I can attest, as a man who came from the other place after a long period there, that regardless of the vigour of debate there is no group of men and women more sincerely dedicated to the national interest than the senators of Canada. We are not open to pressure of any kind, whether from journals, the news media, or any other quarter. We are here to discharge our duty honourably and thoroughly. I am confident that is what we are going to do.

I believe there is a consensus that this bill should go to the Standing Senate Committee on Banking, Trade and Commerce. This was my own view from the beginning. I felt, however, that if I suggested that it might be open to the suggestion that I was trying to tell the house what it should do. The suggestion to refer the bill to the committee came first from Senator Choquette. Most senators who have spoken today have concurred in that suggestion. It will be my responsibility at the appropriate time in our proceedings to propose that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce for further consideration.

With these observations, honourable senators, I rest the case of the Government; I rest the case in which I believe. I believe that the measure before us is a good bill, as I said last night, and it is in the conviction that that is the case that I ask the Senate to proceed now to the next phase of our proceedings.

Hon. Mr. Choquette: I should like to ask the Leader of the Government a question. What can be accomplished in committee outside of a discussion, enlightenment, and answers to questions put? Can we submit amendments, and will they be considered? Could they be implemented and integrated at this late stage?

Hon. Mr. Martin: I am a little surprised that my friend Senator Choquette should ask that question, because he was the one who proposed that the bill should go to the committee.

Hon. Mr. Choquette: I do not remember making that suggestion.

Hon. Mr. Martin: If he will read his speech, which I thought was a carefully prepared and articulate speech, he will see that that was one of the points he made.

Hon. Mr. Choquette: Even if I did, I am asking you now what can be accomplished.

Hon. Mr. Martin: That is a matter for the committee to decide.

Motion agreed to and bill read second time, on division.

• (1700)

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Some Hon. Senators: Now.

Hon. Mr. Martin: Honourable senators, I propose that this bill be not now a read third time, but be sent to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Grosart: On a point of order, I believe it has now been moved that this bill be not read the third time—

Hon. Mr. Martin: Now.

Hon. Mr. Grosart: —but be sent to committee.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion that this bill be referred to a committee?

Hon. Mr. Flynn: No.

Hon. Mr. Grosart: Honourable senators, in amendment, I move that the following words be added to the motion:

> and that the committee be instructed to bring back to the Senate a report incorporating the amendments to Bill C-259 which have been drafted by the committee—

Hon. Mr. Martin: Have you a copy of the motion?

Hon. Mr. Grosart: No, I have not.

Hon. Mr. Martin: No copy?

Hon. Mr. Grosart: I believe I have every right to make a verbal motion. If we have changed our rules so that verbal motions are not in order, I have not been informed.

Hon. Mr. Langlois: It is unnecessary to have it written out.

The Hon. the Speaker: The honourable Senator Martin put a motion, and I understand that the honourable Senator Grosart is making a motion in amendment. I will have to have the motion in writing, unless Senator Grosart repeats it slowly so that I can write it down.

Hon. Mr. Grosart: With respect, Your Honour, I am not entirely sure that I can repeat my amendment—

Some hon. Senators: Oh, oh.

Hon. Mr. Grosart: —in the exact words I used. Unfortunately, the train of my thought was interrupted. My amendment is:

> and that the committee be instructed to bring back to the Senate a report which will incorporate the amendments—

Hon. Mr. Prowse: On a point of order.

Hon. Mr. Flynn: Here we go.

Hon. Mr. Prowse: I submit, with all respect, that we can refer a bill to a committee and ask the committee to consider it, but how can we possibly, in good conscience or in good faith, say we refer a bill to a committee with instructions that the committee shall report back to do whatever Senator Grosart says.

The Hon. the Speaker: I would submit that the honourable Senator Grosart should put his motion in amendment, and it can be debated.

Hon. Mr. Grosart: Thank you. Before the interruptions and the point of order—

Hon. Mr. Prowse: The point of order was properly made.

Hon. Mr. Flynn: It only complicated things.

Hon. Mr. Grosart: I take it that Your Honour is ruling that the point of order is not accepted.

Hon. Mr. Prowse: No, no.

The Hon. the Speaker: Honourable senators, the honourable Senator Grosart is moving an amendment to the motion of the honourable Senator Martin. He should be given an opportunity to complete his motion in amendment, and any honourable senator will have an opportunity to debate it and the Chair will look into its acceptability.

Hon. Mr. Prowse: On a point of privilege, could arrangements be made to have Senator Grosart's amendment written out so that we can be provided with the details before we attempt to debate the amendment?

The Hon. the Speaker: This is precisely the point. Honourable senators, I wish to put the motion in amendment, but I cannot do so unless I have it in writing. I am trying to write it down.

Hon. Mr. Martin: Honourable senators, if the motion were in writing it would be helpful, but we have the sense of the amendment, which is that we instruct the committee to report back with a report that would include the so-called amendments which were drafted by the committee on previous occasions.

Hon. Mr. Grosart: On a point of order, we are in the process of dealing with a verbalized amendment, a process of amendment. I was interrupted by a point of order, before my motion was put to the house. I would respectfully submit that the proper procedure now, whether it be a verbalized motion or a written motion, is that I be permitted to conclude the wording of my amendment before His Honour recognizes points of order. Surely that is the normal procedure in any assembly.

The Hon. the Speaker: That is precisely the point. Since the honourable Senator Grosart is making a verbal motion, I would ask that he give it as slowly as possible so that I can write it down in order that I may put it to the house. I would ask all honourable senators to refrain from intervening until this motion in amendment is put.

Hon. Mr. Grosart: I thank Your Honour for your intervention. I now have the amendment in writing and can present it to you in this form. It reads:

> and that the committee be instructed to bring back to the Senate a report incorporating the amendments to Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", which have been drafted by the committee and other amendments recommended to the Senate as "top priority" changes in the bill necessary to correct existing defects in the bill as reported by the Standing Senate Committee on Banking, Trade and Commerce.

• (1710)

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Martin, seconded by the honourable Senator Langlois, that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

In amendment, it is moved by the honourable Senator Grosart, seconded by the honourable Senator O'Leary, that the following words be added:

> and that the committee be instructed to bring back to the Senate a report incorporating the amendments to Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", which have been drafted by the committee and other amendments recommended to the Senate as "top priority" changes in the bill necessary to correct existing defects in the bill as reported by the Standing Senate Committee on Banking, Trade and Commerce.

Honourable senators, as I indicated, this is a debatable motion. I now give the floor to the honourable Senator Prowse.

Hon. Mr. Prowse: Honourable senators, we have just heard a very involved statement in English. It has been a long accepted practise in Canada that we have a proper French translation of an English document and vice versa. Could we not have this statement translated into French so that we can compare the two and be certain what it is the honourable member is trying to place before us?

Some Hon. Senators: Dispense.

Some Hon. Senators: Oh, oh.

Hon. Mr. Martin: Question.

Hon. Mr. Flynn: Not necessarily. The question is posed and we can speak on it. It is a debatable motion. Do you have any objection?

Hon. Mr. Martin: No. I am glad to hear the Leader of the Opposition speak. He has not spoken in the debate yet.

Hon. Mr. Flynn: Very good.

The Hon. the Speaker: Honourable senators, I said that this was a debatable motion, but, if the Leader of the Opposition will permit me, I should like to deal with the point raised by Senator Prowse.

Hon. Mr. Flynn: It was a mere joke.

The Hon. the Speaker: Honourable senators, I have read the motion in amendment by the honourable Senator Grosart. Does Senator Prowse insist that I should now translate into French the motion in amendment?

Hon. Mr. Prowse: I will not insist.

The Hon. the Speaker: Will the Leader of the Opposition permit me a last remark? I must point out that while the debate goes on I will consult the authorities, because I have not so far indicated whether this motion in amendment is in order.

Hon. Mr. Fournier (de Lanaudière): Honourable senators, I rise on a point of order. If I understood the motion in amendment correctly, it includes two different suggestions. It is therefore a complex motion and as such is completely out of order. The motion should be divided. Moreover, since the motion is so complex and since we do

not have it in front of us, I would ask His Honour the Speaker to be kind enough to read it again to the chamber.

The Hon. the Speaker: I will read this motion in amendment again, honourable senators. In amendment it was moved by the honourable Senator Grosart, seconded by the honourable Senator O'Leary, that the following words be added to the motion:

> and that the committee be instructed to bring back to the Senate a report incorporating the amendments to Bill C-259, intituled: "An Act to Amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", which have been drafted by the committee and other amendments recommended to the Senate as "top priority" changes in the bill necessary to correct existing defects in the bill as reported by the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Martin: Question.

The Hon. the Speaker: Honourable senators, I have now had time to examine the authorities on similar amendments where instructions were to be given to a committee. In fact, although I cannot recall the exact circumstances, we did have a similar case one or two years ago. At any rate, I should now like to read from Bourinot's *Parliamentary Procedure*, Fourth Edition, page 513. It reads as follows:

> Considerable misapprehension appears to exist as to the meaning of an instruction. An instruction is given to a committee to confer on it that power which, without such instruction, it would not have. If the subject-matter of an instruction is relevant to the subject-matter and within the scope and title of a bill, then such instruction is irregular since the committee had the power to make the required amendment.

Therefore, honourable senators, since the Standing Senate Committee on Banking, Trade and Commerce has all of the powers to do what is the purpose of this motion in amendment, I must rule it out of order.

Some Hon. Senators: Hear, hear.

Hon. Mr. Flynn: Honourable senators, for the time being I will not dispute the decision of His Honour the Speaker. It covers one amendment. I may move another one later on. I have a few things to say, however, about the referral of this bill to committee. It has been with great reluctance, of course, that the motion has been made by the Leader of the Government, because this morning he would not compromise himself. When he was asked very clearly whether it was his intention to refer it to committee he did not know whether it was his intention or not. He was just waiting to see whether he would have any problem in getting a majority behind his first intention not to refer the bill to committee, as was suggested by Senator Cook and Senator Macnaughton and others who had been members of the committee. I am not criticizing their opinion here, by the way. They were members of the committee and they said that the committee had dealt with the bill and that that was sufficient. Senator Cook has gone further and has said that it is useless to refer it to the committee.

So Senator Martin was waiting to see if he could get away without referral of the bill to the committee.

I have been amused all day by watching the honourable Leader of the Government waivering one way and the other, trying to decide whether he would have enough support to be able to get away without referring the bill to the committee. Finally, Senator Buckwold and Senator Molgat expressed their views, and Senator Forsey also. They are not used to the line of communications that should exist between the Leader of the Government and individual members of the Liberal Party. They did not get the message. They did not get the message and so there was no choice but to move that the bill be referred to committee. They will of course learn in due course; it takes a few years.

• (1720)

Again let me make it clear that I am not suggesting that Senator Forsey has no experience. He has had a great deal of experience, but it has been outside this house and outside the intricacies of this house; otherwise he would not have embarrassed his leader the way he did this morning. It was really amusing to watch the game all day, and I cannot refrain from putting on *Hansard* what cannot be registered other than by words, because we had a scenario again today that was really interesting.

Of course, His Honour the Speaker has said we cannot give instructions to the committee. It is an opinion which he based on another opinion by Bourinot. I am not discussing the decision here, but I have always understood that when a motion is made, for instance on third reading, that "the bill be not now read the third time but that it be referred to committee" for the specific purpose of doing this or that—that that in itself constituted instructions to the committee.

My purpose in rising at this time is to try to find out if we cannot put in writing—and here I may move an amendment later on—what kind of work the committee will do. As Senator Cook and Senator Macnaughton and others have said, they have nothing to do, and Senator Langlois yesterday said the same thing—that they had done everything. He is now back in the chamber again and I am happy to see him because I want to deal with this and I do not like to discuss his remarks in his absence. He said yesterday that the referral of the subject matter of the bill last September was sufficient for the purposes that we are asking here and sufficient for the purpose of discharging our responsibilities. He quoted from what I said, but he quoted only part of it, and he knows very well that if he had quoted everything the situation would be different.

I refer honourable senators to *Hansard* of this house of September 14. At that time I said I was in agreement with the idea of the committee's looking into the bill for the purpose of studying its technical aspects, but we were not in that committee to deal with the problems involving principles. Now, I followed the committee work pretty closely in the time I had at my disposal and I remember well that I should have liked the committee to look into the question of the tax on capital gains. But it was said by the chairman that in accordance with our understanding of the terms of reference that had been indicated to us we were not to deal with any matter involving a problem of

policy; we were only going to see whether the bill as drafted was achieving what the minister had indicated his intention was, and that that part of the White Paper which was being implemented was in fact really implementing it in the way we thought it should be implemented. This was exactly the point and that is why we proposed to refer the bill to the committee, because even if the terms of reference were not very, very restrictive in their wording, in practice and in our understanding and in the debate that took place, we were not to deal with any matter of policy.

My honourable colleagues know very well that if you compare the bill now before us with the report that the same committee made on the White Paper, you will find more recommendations made on the White Paper that were disregarded or set aside by the minister and the Government than were accepted. It is on these points that I think the committee should be able to do some good work. I suggest to my honourable friend, Senator Langlois, that he was wrong in suggesting that the work of the committee was exhausted.

Hon. Mr. Langlois: I never said such a thing.

Hon. Mr. Flynn: You never said such a thing? As you yourself said yesterday, you should read your own speech.

Hon. Mr. Langlois: I have already done so.

Hon. Mr. Flynn: If that is what you meant, then I agree with the interpretation that anybody else can put on it. But I remember you quoted what I said on September 14 and I indicated my agreement as to the purpose—

Hon. Mr. Langlois: Will you cite what I said?

Hon. Mr. Prowse: The debate yesterday concluded with a vote of this house and that finished the matter. Let us get down to what we are dealing with now. You are referring to a matter which was debated and which was concluded with a vote in this house, and we are not entitled to go back to every debate we had since the year one. You know that too.

Hon. Mr. Flynn: I do not know if I should even reply to that.

Hon. Mr. Prowse: It is easy.

Hon. Mr. Flynn: It is too easy, and that is why I am afraid. I will forget about it.

Now I have lost all my papers. However, I shall go to September 14 to try to please my good friend Senator Prowse. I think that was the date when the motion to refer the subject matter of the bill was moved.

Hon. Mr. Prowse: On a point of order, Mr. Speaker, I think the honourable senator can speak from his own desk. He is now sitting in somebody else's.

Hon. Mr. Flynn: I sat because you rose on a point of order and I cannot do two things at the same time.

Hon. Mr. Martin: Let us continue to study the bill.

The Hon. the Speaker: Honourable senators, the discussion now is in order. We are on a motion that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce. I think that up to now the remarks of the Leader of the Opposition have been relevant, and I would hope that we could now proceed with the debate.

[Hon. Mr. Flynn.]

Hon. Mr. Flynn: I have now found the remarks I made on September 14, and at one place I said:

> We are faced with a technical problem which is, as Senator Hayden said, very important.

And then I continued:

• (1730)

> The comments we have heard from the annual meeting of the Canadian Bar Association and other meetings suggest that the drafting may be defective in many ways. Reading these comments and listening to Senator Hayden brought back a memory of Senator Pouliot's comment on the drafting of bills. It is very important for the Senate to consider the bill and discover whether it really achieves what is intended. If my understanding is correct, this committee will not deal with the principle of the bill. That can be done when the bill reaches us after consideration by the House of Commons. However, we will determine whether it is presented in the appropriate manner, which is a very important task. This task can certainly be handled in a better manner in our committee on Banking, Trade and Commerce than by any other committee, especially the Committee of the Whole of the other place. And I say that with all due respect.

It was made quite clear at that time that the committee was not to deal with the principle of the bill, and we did not deal with the recommendations contained in the White Paper which the minister disregarded. Many honourable members have not changed their opinions about this matter.

Some have suggested that the party to which I belong is against tax on capital gains. This is not true. It is in favour of an equitable tax. I feel that the recommendations contained in the report of the White Paper were much better than the provisions contained in this bill. There is no doubt about this. This is why I have suggested to honourable senators that if the committee is to do a proper job it should study this bill clause by clause, not in the sense that we spend an hour on each clause. That is not the point I am making, but if we are going to do anything worth while we must look at the whole bill and not restrict ourselves to the recommendations contained in the three reports of the Standing Senate Committee on Banking, Trade and Commerce. However, because of the amendment which was suggested by my colleague, Senator Grosart—and which Your Honour has ruled out of order—I think it is obvious that if the bill is referred to committee someone will move that the committee take a stand on the recommendation which has been made. It seems obvious to me that a vote will have to be taken. I am suggesting that the committee must do more than merely listen to the Minister of Finance who said that eventually, I do not know when, or I do not know why, or I do not know to what extent, but eventually an amending bill will come.

I quarrel with the issue raised by Senator Langlois in his speech yesterday. He quoted from the report of the committee and suggested that Senator Beaubien was satisfied that the minister indicated there will be an amending bill. I suggest if honourable senators read the entire proceedings they will see that this is not the case. We endeavoured to pin down the Minister of Finance to cause

him to make a definite commitment, and he refused. He said:

> I do not know, I cannot promise anything. The only thing I can say is that there will be an amending bill. There is one every year.

Everyone knows that. He went on to say:

> There may be some recommendations which you have made that we may accept, but I cannot promise you that. But perhaps some of your recommendations will be accepted. There are corrections to be made every year.

Honourable senators, if we are going to refer this bill to the committee I feel we should do a good job and not just appear to be doing a good job. If we do not study it clause by clause I suggest the Senate will be judged by the public for not having discharged its constitutional responsibilities.

I am not worried about the pressure from outside and I will speak about that later. I would like to tell a story to my friend Senator Molgat who has suggested that if pressure had been put on him it would have been sufficient to have caused him to vote against the bill. I remember a case of a client and his lawyer who were discussing the outcome of a trial. The client asked the lawyer what he thought was going to happen and the lawyer said he did not know. The client asked, "Do you think if I should send the judge a present it would help my case?" and the lawyer replied, "For God's sake, don't do that, you would be sure to lose." Some months later when the judgment was rendered in favour of the client he went to see his lawyer and said, "We have won." And the lawyer asked, "What are you suggesting?" The client said, "You remember the gift you said I should not send to the judge?" and the lawyer said, "You didn't send one, I hope." The client said, "Yes, but I sent it in the name of the other party." Perhaps if Senator Martin had exerted pressure on Senator Molgat I would have won his vote.

Hon. Mr. Molgat: Is honourable Senator Flynn offering to take me to dinner tonight?

Hon. Mr. Flynn: I am afraid it is too late as far as second reading is concerned, but I can offer you a drink.

Hon. Mr. Molgat: I will reserve my right on third reading and will make myself available.

Hon. Mr. Flynn: So much has been said regarding pressure. No one should be offended because there is always pressure on a legislative body. If you are offended every time the word "pressure" is used you will be offended all the time.

With all due respect to Your Honour, who may rule against my motion, I move in amendment that the committee be instructed to consider the bill clause by clause. I suggest that the decision Your Honour has quoted from is not necessarily the final decision. It is one decision, and it rules contrary to the practice of referring a bill to committee for a specific purpose. If Your Honour rules this amendment out of order I would be satisfied with the assurance of the acting chairman of the committee, Senator John J. Connolly, that this is the manner in which the committee will proceed.

The Hon. the Speaker: Honourable senators, a few moments ago I ruled that a committee has the power to do anything it wishes within the framework of our rules. The authorities say and the Senate practice has been that it is not in order to refer a bill to a committee with specific instructions from the Senate when that committee has the responsibility of examining a bill and reporting to the Senate, the report again being debatable.

• (1740)

I have to declare this amendment out of order.

Hon. Mr. Langlois: Question.

Hon. Mr. Flynn: I will not call a vote; this is in Your Honour's authority. However, as we say in law, I take exception to it.

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Martin, seconded by the honourable Senator Langlois, that the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act", be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

MOTION TO DEFER FURTHER CONSIDERATION OF BILL C-259 DEFEATED

Hon. Mr. Flynn: Mr. Speaker, before we proceed to the next order, we are still seized with Bill C-259. We have suspended Rules 45 and 46 in connection with all public bills. Since I am quite sure that the committee will proceed in the manner I have indicated, I wish to move that the Senate do now adjourn until January 10, 1972, subject to being recalled previously if that committee completes its examination of the bill before that date.

Hon. Mr. Grosart: Your Honour, on a point of order. It was my intention to speak to the main motion. I was waiting—

Hon. Mr. Martin: It has been carried.

The Hon. the Speaker: Order, please. The honourable Senator Grosart will recall that I put the question that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce. Someone said "Carried" and I waited a few seconds and said, "Adopté, Carried".

Hon. Mr. Grosart: My point of order, Your Honour, is that I was expecting that Senator Connolly (Ottawa West) would reply to the suggestion made by the Leader of the Opposition as an alternative.

Hon. Mr. Langlois: He does not have to.

Hon. Mr. Martin: On the point of order, I do not mind Senator Grosart speaking, but I would like to know on what he is speaking? Is it the proposal to go into third reading?

The Hon. the Speaker: I declared the motion to refer the bill to committee carried. I waited because I was expecting that there might be a division, but it is carried. Now, of

course, if the honourable Senator Connolly (Ottawa West) wishes to reply, it is up to him to do that, but the motion has been carried.

Hon. Mr. Langlois: Orders of the Day.

Hon. Mr. Flynn: No, I have put a motion.

Hon. Mr. Grosart: I apparently have not had an opportunity to make my point of order clear. The point of order, Your Honour, is that I was not, in my view, given an opportunity to rise and discuss the motion.

Some Hon. Senators: Oh, oh.

Hon. Mr. Prowse: That could only be a point of privilege, not a point of order. Let us find out what you are doing.

The Hon. the Speaker: The honourable Senator Grosart has the floor.

Hon. Mr. Grosart: It may well have been, Your Honour, my own fault. I may not have followed the proceedings as exactly as I should have. I may have misunderstood the speaking arrangements, which is not unusual here. I do not know what the disposition of the Senate is at this moment. I did not speak on second reading. It was my intention to speak on the motion that Your Honour has declared carried.

I have waited all day with the intention of speaking to that motion. It is, of course, entirely up to the Senate. I believe that with leave we can revert. I leave it in Your Honour's hands. I merely say that I, having waited all day and not having spoken on second reading, would like, with leave of the Senate—

Hon. Mr. Langlois: No leave.

Hon. Mr. Grosart: I ask leave of the Senate, notwithstanding the appropriate rules and Your Honour's ruling, to now speak on the motion.

Hon. Mr. Prowse: No, no.

Hon. Mr. Bourget: Go ahead.

Hon. Mr. Grosart: I am now asking the Senate for leave, notwithstanding the rules that might otherwise prohibit it.

The Hon. the Speaker: Honourable senators, I must repeat that the motion has been carried. We have a request from the honourable Senator Grosart, on a question of privilege, to speak. Unanimous consent, of course, is necessary. I ask is there unanimous consent that the honourable Senator Grosart now speak to the motion?

An Hon. Senator: No.

The Hon. the Speaker: I heard one dissenting voice, and the answer is no.

Orders of the Day.

Hon. Mr. Flynn: Honourable senators, my motion is that consideration by the Senate of Bill C-259 be postponed until January 10, 1972 subject to recall if the Standing Senate Committee on Banking, Trade and Commerce has in the meantime completed its examination thereof.

Hon. Mr. Martin: Question.

The Hon. the Speaker: It is moved by the honourable Senator Flynn, seconded by the honourable Senator Macdonald, that consideration by the Senate of Bill C-259 be postponed until January 10, 1972, subject to recall if the Standing Senate Committee on Banking, Trade and Commerce has in the meantime completed its examination thereof.

Those in favour of the motion, please say Yea.

Hon. Mr. Flynn: Senator Grosart wishes to speak to it.

• (1750)

Hon. Mr. Grosart: Honourable senators, I regret that the leave I asked for was refused. I think it is the first time since I have been a member of the Senate that leave on such an occasion has been refused. I can think of a good many occasions when leave, requested in exactly similar circumstances, was not refused. I therefore regret that the important matter, now before us in the motion of the Leader of the Opposition, should have brought us to such a low level of partisanship as was indicated in the refusal to grant leave.

Perhaps I may be allowed to quote from an eminent authority on taxation, Dr. Howard Ross, Dean of the Faculty of Management at McGill University. Dr. Ross is a former Chancellor of the university, and a former President of the Canadian Institute of Chartered Accountants. In a publication just off the press, entitled *Our Taxes—Lessons from Carter and Benson,* Dr. Ross writes on page 1:

> On such a subject—

He is referring to taxes:

> —what we used to call "unbridled passions" run very close beneath the surface, and indeed often above it.

He continues:

> This is a good thing. Taxes are of critical importance to our whole way of life. If arguments get heated—

The Hon. the Speaker: Order, please. I hear many voices. The honourable Senator Grosart has the floor.

Hon. Mr. Grosart: Dr. Ross continues:

> —and over-stated, and someone's feelings are hurt, it is too bad—but we need all the comments and criticisms and ideas we can provoke. The point is not simply that tax collection is, in itself, one of the vital processes in governing a country. It goes even beyond this, because if the citizen is not roused to his civic responsibilities when actually experiencing the tax bite, then there is no chance of ever stirring up his interest or concern in our way of life—and farewell to any prospect of good government.
>
> So we will get lots of talk. Some of it will be responsible and competent. We will undoubtedly still get new insights into old familiar problems, and we will get useful new ideas. What we may not get—and what is desperately important that we should get—is a calm, thorough, informed, and competent post-mortem on the whole business.

Honourable senators, my desk companion says that Dr. Ross might have added "courtesy". My reason for taking the time of honourable senators to read from that publication was really to calm myself down. I remembered Dr. Ross's plea that we should not take unbridled passions too seriously. I was perhaps inclined to react somewhat passionately to what occurred. My intention in rising at this

time is to suggest that there might be a way out of the dilemma now facing the Senate.

I regret the impasse in which the Senate finds itself, although it is probably largely the fault of the Senate itself. Time and time again, because of a last minute recess or holiday situation, we have encouraged the House of Commons to assume that legislation could be sent to us under a deadline and we would knuckle under. I use the word "encouraged." We have protested over and over again, but we have never made our protests stick.

Senator Manning made the suggestion that the way in which to combat this in the future is to have a rule to prohibit it. I do not know how we could have such a rule, because we so seldom keep our own rules. The fact of the matter is, as I am sure Senator Manning is well aware, that under our rules any rule made by the Senate can be repealed with two days' notice by a majority vote in the Senate. Because of this, I do not know how we can prevent in the future the kind of impasse in which we now find ourselves.

Perhaps the only way is to take a stand against the imposition of a deadline at this time. It has been stated over and over again during this debate, particularly by the Leader of the Government, that we do not have a deadline, and we are free to discuss this matter as long as we wish to. I suggest this is not so. This bill comes to us with a deadline. It comes to us with a deadline announced by the Government of Canada. It comes to us with a deadline from the cabinet.

I understand the position in which the Leader of the Government finds himself. He is a member of that cabinet and he is bound by the decisions of it on the constitutional convention of cabinet solidarity.

We are under compulsion of a deadline, and I am sure the Leader of the Government has been the unwilling, but unfortunate, carrier of the message. I have great sympathy with his position. I am sure that he himself recognizes the essential conflict of interests involved. I am sure he is sensitive to the grave problem of reconciling, if it is at all possible, his two loyalties—the constitutional requirement of loyalty to the cabinet and the loyalty which I know he has to this chamber. He has amply demonstrated his loyalty to this chamber since he has been here.

In spite of the sympathy I have with his position, however, I suggest to honourable senators that there can be no doubt that in dealing with this bill we are under compulsion. I realize there are arguments to the contrary.

I have the greatest respect for honourable senators who have tried as hard as they have—and perhaps with success; I hope so—to create the impression that we are not under compulsion.

• (1800)

It is vitally important to the Senate—perhaps imperatively important to the whole future of the Senate—that the impression that is abroad be dissipated before we dispose of this bill. The impression that is abroad is that we are under the compulsion of a January 1 deadline. I will not argue whether that impression is a valid one. All I say is that if honourable senators will go to the reading room and read the headlines and editorials of the newspapers from across the country, if they will listen to the radio and watch television, they will know that that is the impression that has been spread across this country.

I say, therefore, that what is important now to the future of this Senate—and in that I include the public interest, because I believe there is an identity between the two—is that we dispel that impression. How do we do it? I make a plea to all honourable senators on both sides of the house that at this juncture we address ourselves wholeheartedly to resolving that impasse. I respect the views of honourable senators who have said we have a very good reason—I was going to say "excuse", but I am trying to be as objective as possible—for disposing of the bill now in committee in a reasonably short time, perhaps four, five, six or seven days.

It has been said over and over again during the debates on earlier motions that the Standing Senate Committee on Banking, Trade and Commerce has done a magnificent job in examining the substance of this bill. With that I am in complete agreement. I would say there is not the slightest doubt in the world that in the many sessions of that committee, starting with the White Paper and carrying through to the three reports we have had on the Summary of 1971 Tax Reform Legislation, it has given this bill more careful, thorough and detailed study than it has had anywhere else in Canada, or could for that matter have had anywhere else. There can be no question of that.

But is that the answer? It might well have been the answer. Unfortunately, great as the work of that committee was, it has contributed to the real impasse in which we find ourselves. It contributed by drafting amendments. It contributed, with the best intentions in the world, by reporting to this house that there are nine "top priorities" that must be dealt with to remove the defects in this bill.

I am not going to argue here as to whether the committee was correct in so reporting to us. What is important to us at the moment is that the committee has made that report. The committee has said the bill is grossly defective, and the message has gone out to the country that that is the view of this Senate about this bill, as expressed by this important committee.

Now it is going to committee. What we do there—and I am choosing my words as carefully as I can—and in the interim between now and the time that His Honour directs that a message be sent to the House of Commons will, in my deep conviction, determine the whole future of the Senate as an institution in the federal structure of Canada. I have thought carefully about those words. I do not want to be an alarmist.

Hon. Mr. Martin: Well, do not be.

Hon. Mr. Grosart: Why do I say it? I say it because we are on the spot; we are under the spotlight of public opinion. Senator Cameron earlier today, in one of his finest speeches, saw some comparisons between the present situation and that which confronted Parliament in the pipeline debate. I am not going to labour that comparison. I think he said that 90 per cent of the communications media seemed to be of the opinion that the Senate must stand for its own conviction on this matter. If that is so, surely the future of the Senate is at stake.

Honourable senators, in the next two or three years the Senate will be under scrutiny, as never before. The ques-

tion that will be before the Canadian people, as it has never been before, is whether the Senate has a useful function under the Constitution; whether, to use the famous words—

Hon. Mr. Martin: Would my honourable friend permit me to ask a question?

Hon. Mr. Grosart: May I finish, after which, of course, I shall be delighted to answer the question. The question, in the words made famous in one of the milestones of British history, will be whether this place is "useless, dangerous and ought to be abolished."

Hon. Mr. Martin: Does Senator Grosart not think that the way for this Senate to affirm its usefulness is by action, and by giving this bill the fullest consideration it can. While I understand his motive, I suggest that his present line of argument bows to the kind of comment we read in the Montreal *Gazette* this morning, which I regard as the kind of duress to which no parliament should be subjected.

Some Hon. Senators: Hear, hear.

• (1810)

Hon. Mr. Grosart: In reply I will say that I have never been greatly concerned about the duress, to use the leader's word, that any parliament is subject to because of the press. There is no duress by the press whatsoever. I wish the Leader of the Government had not used the word "duress", because I will merely say at this time that whatever danger there is to Parliament, either in the House of Commons or the Senate, now or in the future, the danger or duress is not that which comes from the communications media.

One of the great historic functions of the second chamber everywhere is to stand between—

The Hon. the Speaker: Order, please. Honourable senators, it is six o'clock. Rule 12 states that if, at six o'clock in the afternoon, the business be not concluded, the Speaker or the chairman of the committee leaves the Chair until eight o'clock. I must, therefore, inform honourable senators that I am leaving the Chair, and that the sitting will be resumed at eight o'clock this evening.

Hon. Mr. Martin: I think, honourable senators, that we might regard the clock as not having reached six so that the senator may finish his speech. We can then perhaps dispose of the matter. It is not quite six o'clock. I happened to look there, and I have good glasses.

The Hon. the Speaker: The honourable Senator Grosart.

Hon. Mr. Grosart: If I may make the comment, Your Honour, the parallel between what has just happened and what happened earlier is very interesting. Your Honour announced you were leaving the Chair. That is in exactly the same position as the passing of the resolution. His Honour announced that he had left the Chair.

Some Hon. Senators: Order.

The Hon. the Speaker: Order, please. I have already said that under Rule 12 I am leaving the Chair, and that the sitting will be resumed at eight o'clock.

The Senate adjourned until the call of the bell at 8 p.m.

[Hon. Mr. Grosart.]

At 8 p.m. the sitting was resumed.

The Hon. the Speaker: Honourable senators, I understand that the honourable Senator Flynn is not in his seat. Perhaps we might wait a few minutes for him to arrive.

Honourable senators, when the honourable Senator Flynn made his motion I had nothing in writing, but I later obtained the text of his motion from him. I examined it during the dinner recess and I have very serious doubts as to its acceptability since Bill C-259 had already been referred to a standing committee. However, I think I can suggest to the honourable Senator Flynn a modification of his motion which would make it procedurally acceptable. It would then read as follows:

> That should the Bill C-259, intitled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", be again before the Senate before 10th January, 1972, it be not considered before that date.

The reason for this is obvious as I shall show by now reading the original motion of the honourable Senator Flynn, which is as follows:

> That further consideration by the Senate of Bill C-259 be postponed.

At the time this motion was made Bill C-259 was not before the Senate; it had been referred to the Standing Senate Committee, and therefore this is one of the reasons why I said I had very serious doubts as to its acceptability. I think I have kept the spirit of the motion made by the honourable Senator Flynn. I regret that Senator Flynn is not in his seat because I would like to submit to him that I have kept the spirit of his motion, and if it is acceptable we could then proceed on this.

Hon. Mr. Fournier (de Lanaudière): On a point of order, Mr. Speaker, I would like to know if you have examined the point that an amendment is a correction, and not a destruction. If the motion proposed by Senator Flynn is of such a nature as to destroy the main motion, then I think it is out of order. I do not say that is the case, and so I put it as a question.

The Hon. the Speaker: In answer to that I should point out that the honourable Senator Flynn did not move an amendment. He made a motion. And at the time he made the motion we had disposed of Bill C-259 by referring it to a committee. It is no longer before the Senate. Since the honourable Senator Flynn is now in his seat, I shall once again state the motion he made. It is:

> That further consideration by the Senate of Bill C-259 be postponed.

When I say that I have very serious doubts as to the acceptability of this motion, it is because this bill is not before the Senate any longer. It has been referred.

I want to be as fair as possible. When we adjourned at 6 o'clock the honourable Senator Grosart had the floor, but now I suggest to the honourable Senator Flynn that his motion should read, "... that should the Bill C-259 be again before the Senate before January 10th, 1972, it be

not considered before that date." I ask the honourable Senator Flynn if that is acceptable.

Hon. Mr. Choquette: That is good wording.

Hon. Mr. Flynn: I agree to amend the motion in those terms because my idea was to give the committee as much leeway as possible.

The Hon. the Speaker: We are now dealing with this motion, and the honourable Senator Grosart has the floor.

Hon. Mr. Prowse: I rise on a point of order. With all due respect, Your Honour, this is such a simple principle of law that it hardly needs emphasis. But what you are doing is indirectly prohibited by law. When the Senate refers a matter to a committee for its consideration it is still in the hands of the Senate. It never leaves the Senate. The suggestion that by this device you can permit a debate which in ordinary circumstances would not be permissible is completely unacceptable.

The Hon. the Speaker: I will deal with the point of order which the honourable Senator Prowse has raised. Item No. 1 on the Order Paper is the second reading of Bill C-259, and we have dealt with second reading of the bill. There was a motion to refer this bill to a standing committee of the Senate, and this motion carried. As soon as this motion carried, the bill was referred to the committee. For this reason I cannot entertain the honourable Senator Prowse's point of order. This bill has now been referred to a standing committee.

Item No. 2 on the Order Paper should then have been called, but I entertained a motion by the honourable Senator Flynn who has graciously agreed to this procedure. I want to be fair to all honourable senators. We are now dealing with Senator Flynn's motion, "—that should the Bill C-259 be again before the Senate before January 10th, 1972, it be not considered before that date."

This is a debatable motion. I give the floor to the honourable Senator Grosart.

Hon. Mr. Grosart: Thank you, Your Honour, for calling on me once again at this time. I heard Your Honour's wise ruling on the motion to which I was speaking when the Senate adjourned at six o'clock. I must say I was rather surprised that Your Honour entertained discussion following your ruling. Your Honour is extremely generous from time to time in an endeavour to accommodate all honourable senators. However, I would suggest, with the greatest of respect, that when Your Honour has given a ruling no senator has the right to rise and comment upon that ruling, unless he is appealing it.

Honourable senators, when the Senate adjourned, I was discussing the import of Senator Flynn's motion. I am sure it is obvious that the motion reflects Senator Flynn's concern that the Senate cannot discharge its duties in respect to the bill before the deadline imposed by the Government. I say that to bring the comments that I now make within the rules or relevance to which I know His Honour is dedicated. I hope, if I go beyond the rules of relevance, His Honour will not hesitate to call me to order.

• (2010)

The general proposition I was making to the Senate when the adjournment was called was that the Senate faced a dilemma. I am well aware that the Senate, the people of Canada and, perhaps, the Government of Canada face a larger dilemma.

There are really two issues at stake here. One is in respect to the bill: should this bill be necessarily passed under deadline before January 1? I shall not say too much regarding that at this time, because I shall direct most of my remarks to the second issue: what should be the action of the Senate from here on with respect to the dilemma it faces?

On the first point I shall merely say that there appear to be some compelling arguments on both sides of the proposition that this bill should pass before midnight on December 31. On the one side we have the argument of possible confusion and uncertainty if the bill is not passed. That argument has some validity, but it does not appeal to me for the simple reason that I think a good case can be made for saying there is not much difference between the uncertainty which may arise in the economy for individuals and corporations if this bill is passed or not passed by December 31. I think we can toss a coin to decide the effect of passing of the bill at that time, or delaying its passage beyond that date, and we would create more or less uncertainty.

On the side of the argument that passage of the bill in its present form would create more uncertainty there is, of course, the submission which has been made, and which I think is compelling, that this bill has so many loopholes that it will lead to real uncertainty. Senator Lang told us that an eminent legal colleague of his said he was impatient to have this bill passed because there are 120 loopholes which he wanted to get to his clients—

Hon. Mr. Choquette: A hundred and forty.

Hon. Mr. Grosart: It was a very large number of loopholes, anyway. This was the attitude taken, as I understand it, by someone eminent and learned in the law.

I wish to comment on one aspect of that, because we heard an eloquent speech by Senator Lawson on the proposition that we must consider the human values inherent in the dilemma we face. He spoke of exemptions from and the lowering of taxes for a large number of Canadians. I agree that that is a most important aspect of the decision we will have to make in the days before us.

We should remember, in the first place, that no taxes will actually be collected under this measure until April 30, 1973. Of course, it may be said that in the meantime there will be deductions under the schedules sent out by the Department of National Revenue. That is a consideration. But we all know that if the bill were delayed and the Government were reasonable, as I think it could be, the bill—particularly the essential exemption and concession aspects of it—would be passed in the early part of next year. All parties in the other place would agree on that, as we do here. Therefore, if the Government has that reasonable assurance that it will be passed, it could make the necessary regulations under the Department of National Revenue Act to lower the deductions from salaries, and so on.

Even if it did not do so, the worst that could happen is that once again, as in war time, we would have some compulsory savings. Millions of citizens, about whom we are concerned, would in April or May receive a windfall

of compulsory savings representing deductions that had been made, which, when these very good clauses in the bill are passed, would be redeemable.

I am not greatly concerned with that aspect of the bill. The aspect of human values is also a very important consideration which has been mentioned, but perhaps not sufficiently emphasized. It is said that the real beneficiaries of the income tax legislation and regulations, certainly in the next year, will be those who can afford the services of accountants, lawyers and management consultants. This point has already been made, so I will not stress it too much. However, it is quite obvious that these legal experts, who are now ready with their loopholes, will be passing on this valuable information to clients who can afford to pay, but they will not be passing it on to individuals who cannot afford to pay.

I merely make that point, and suggest that if we delay the bill the poor will not suffer. I hope we shall not hear that argument again, because in fact and in law it is not so.

I hope that honourable senators will believe me when I say that my main concern in speaking at this time is the resolution of the present dilemma. I am concerned by the fact that there is the impression abroad that the Senate is going to knuckle under, that it will not do its duty under the Constitution.

What is that duty? Surely the very minimum duty of the Senate in respect to legislation is to make any amendments it considers necessary, and to communicate them to the House of Commons. The fact is, of course, that we have communicated nothing to the House of Commons. Our obligation here is not to the Government of Canada, the cabinet, or the executive. Our obligation is to the House of Commons. That house has sent us a bill, and its members expect us to respond.

• (2020)

The House of Commons has sent us this bill and said, "Approve the bill with or without amendment." I would hope that at the conclusion of our debate His Honour will not be put in the position of having to rise and say, "It is ordered that a message be sent to the House of Commons to acquaint that house that the Senate has approved this bill without amendment."

Hon. Mr. Flynn: Repeat "without amendment."

Hon. Mr. Grosart: That would not be the truth. We would be asking His Honour to direct a lie to the House of Commons, because the reports we have from our distinguished committee are evidence of the fact that it is not the consensus of our experts that this bill should be approved without amendment.

Hon. Mr. Martin: I rise on a point of order. Honourable senators, I do not believe it is right for us at this stage to comment on what the committee might do.

Hon. Mr. Flynn: Oh, yes, it is.

Hon. Mr. Martin: The bill has been referred to committee for consideration. I do not want to interfere with what the honourable Senator Grosart has to say, but I tell him and I tell the house that at this stage of our debate it is quite improper for anyone to comment on what the committee may or may not do. Such comments would be interference with the work of the committee.

Hon. Mr. Flynn: No, not at all.

Hon. Mr. Martin: I hope that the honourable Senator Grosart does not persist in this line of argument.

The Hon. the Speaker: Honourable senators, there has been a point of order—

Hon. Mr. Flynn: If Your Honour is going to dismiss the point of order I shall not detain the house further.

The Hon. the Speaker: I would like to hear from the Leader of the Opposition.

Hon. Mr. Flynn: I think the point of order raised by the Leader of the Government is entirely incorrect. When the Senate refers a matter to committee we can comment on what that committee may or may not do. I think we are resurrecting the question of pressure that was so ably dealt with by Senator Molgat this afternoon.

We can tell the committee what we think. The committee is doing the work of the Senate. If we cannot say what the committee should or should not do, or what will be the consequences of the report of the committee, then it is useless. The committee is not independent of the Senate.

Hon. Mr. O'Leary: It is the servant of the Senate, and it has terms of reference.

Hon. Mr. Flynn: If a Senate committee cannot hear from the Senate itself, then procedures are completely reversed. I hope that the Leader of the Government will not persist in his argument. I think he made an error in tactics in rising at this stage.

Hon. Mr. Martin: I have made the point, but it did not sink in.

Hon. Mr. Grosart: Your Honour, may I speak to the point of order?

The Hon. the Speaker: I hope I will have a chance to conclude the point of order.

Hon. Mr. Grosart: The reason I rise now, as I stated earlier, is that I would not, under any circumstances, rise after Your Honour has made a ruling. I rise now merely to make a small contribution to the ruling Your Honour may make.

Honourable senators, the point of order, as I understand it, is that with respect to the motion before us I may not refer to what the committee might do. The motion before us is that the house adjourn to January 10. All I am saying is that there are alternatives to that proposition before the Senate, and surely one of them is responsible action by the committee.

Your Honour, I cannot see any possible way in which it can be suggested that because there is a motion to adjourn until January 10 any honourable senator is prescribed from discussing the reference to the committee.

The Hon. the Speaker: Throughout my life I have had a very deep concern for what we call freedom of speech. However, the authorities on this matter are very clear. Once a matter has been referred to a committee, all the authorities say that at the very least it is improper, inap-

propriate, or dangerous to deal with the way in which the members of the committee organize their work.

I would hope that the honourable Senator Grosart will not go too far in this matter. As I have said, I am all in favour of giving as much freedom of speech as possible. Having said that, however, I must also add that we are dealing here with some hypertechnical aspects of a report that will reach us at some time. I must also remind honourable senators that this committee will, one day or another, report to the Senate, and then honourable senators will have an opportunity to deal with and discuss the report of the committee.

Since Christmas is not very far away, perhaps I can appeal to all honourable senators to be as careful as possible, although it need not prevent our having as good a debate as we had earlier today, to take into consideration the practice of the Senate, and all the authorities who have dealt with this matter.

Hon. Mr. Langlois: These men of good will.

Hon. Mr. Grosart: Your Honour, I need hardly say that I wholeheartedly accept your ruling. As I continue by suggesting the action I think the Senate should be taking in what I have called this dilemma, I hope that any honourable senators present who happen to be members of the Standing Senate Committee on Banking, Trade and Commerce will close their ears, or at least assume that I am not speaking to them as members of the committee, but in their other capacity of senators sitting in this chamber.

Hon. Mr. Flynn: You do not have to make that distinction as far as I am concerned.

Hon. Mr. Langlois: Are you deaf?

Hon. Mr. Grosart: Your Honour has ruled, and if I should by a slip of the tongue happen to refer to the fact that this matter has been referred to the committee, I hope Your Honour will immediately call me to order. I shall do my best to address my remarks to the Senate as a whole. As I say, some of the suggestions I make might be ones that could be carried out in the committee, but that is purely incidental.

• (2030)

Honourable senators, it seems to me that we must consider what has caused this situation. The public of Canada, the press of Canada to quite an extent, and many of the outstanding experts in the tax field, including the Canadian Bar Association, the Canadian Institute of Chartered Accountants, the Retail Merchants Association representing small business, and many others, are asking that the Senate stand on this issue. This indicates very clearly that we face this kind of dilemma, and it is worth while considering its nature.

Obviously, the nature of the dilemma derives from the function of the Senate within the Constitution. If one were to construct a model of the kind of issue which might come before the Senate and on which the Senate should be expected to take a stand, it would be a model with characteristics close to those of this bill. There are many arguments as to the functions of the Senate, as to the rights of the Senate, as to the circumstances in which the Senate should reject or amend a bill coming from the Commons, and there are arguments about money bills, tax bills, and so on. However, if we were to construct a model of the kind of bill on which the Senate should take a stand, it would probably have some of the following characteristics.

In the first place, it would be a bill which has come to us from an "unfree" House of Commons. I do not wish to exaggerate the use of that adjective "unfree", but merely to say that this is not a bill which has come to us in the ordinary sense, from a free vote in the House of Commons. It has come to us under exceptional circumstances, where closure has been imposed twice, where a large number of amendments made by the Government to the bill were not considered by the Commons. I suggest that this is not the normal kind of bill that comes before us.

Secondly, it would be a bill to which we would have abundant evidence that at least five of the provincial governments in Canada are opposed. I need hardly remind honourable senators that, in the tradition of the Senate, one of our main functions—because we are the second chamber in the federal Parliament—

Hon. Mr. O'Leary: The upper chamber.

Hon. Mr. Grosart: Senator O'Leary uses the phrase "upper chamber." I prefer to use the words "second chamber."

Hon. Mr. O'Leary: We will not argue about it now.

Hon. Mr. Grosart: Very well, but the trend around the world in constitutional discussions is to speak of the "second chamber" rather than the "upper chamber"—and I am not so sure that we are "upper". It is possible that Senator Choquette, who is our leading punster, might say that we are on our uppers.

Surely this provincial opposition is one of the characteristics of the kind of bill on which the Senate should take a stand.

This is also a bill on which there is considerable evidence of widespread public resistance. The press reflects it. I am not saying that the press is an exact mirror of public opinion, but to some extent it mirrors public opinion. As I said earlier, those who are most informed in the area covered by this bill are opposed to its passage in its present form without amendment and before the deadline.

I would suggest to honourable senators that nobody could devise for me a more complete model of the kind of bill on which the Senate should be expected to take a stand against.

Perhaps the most important consideration before us is that we are dealing with a bill in respect of which we have recommendations from 30 of our own members that the bill is defective. In deference to His Honour's ruling, I shall not give the origin of the recommendations, but 30 of our own members say that this bill is defective. Some 30 senators have reported to this house, first of all in the report on the White Paper, that there are essential amendments which should be made. I have them here and I could go through the list, but I hope the house will accept my statement that many of those recommendations put to us with respect to the principle of the bill by 30 senators are not incorporated in this bill. Senator Flynn, too, has indicated that many times.

Secondly, we have three reports before us from 30 senators. In one of those reports there is a statement listing nine items and characterizing those nine items as "top priority" amendments that must be made.

That is the recommendation we had, and when that recommendation came before us my impression was that it had the complete approbation of the Senate. I may be wrong, but I do remember the eulogies that were paid to the committee and to its chairman, and I agreed with them all.

We are faced, and will be faced in the next few days, honourable senators, with a dilemma in that we shall either have to repudiate those 30 senators or we shall have to say that we agree with them and are prepared to communicate to the Commons what we have been advised is the proper attitude of this Senate to take with respect to this bill. Will we do it? I hope so. I would like to see a solution to this dilemma because I do not want to see this impasse harm this institution.

This is not a dilemma for the Government; it is not a dilemma for the House of Commons; it is a dilemma for us. The circumstances in which this dilemma has been created are unfortunate. I have said before that we are to some extent to blame. Can it not be resolved? Can we come out of this situation with our heads up? Can we in the early days of the new year face those who will be telephoning us and speaking to us personally, "What did you do with that bill?" The press and the radio have asked, "Will the senators take a stand?" I want to be able to say, "Yes, we took a stand." The word, and I think it is a parliamentary word, "guts" has been used. It was used in a formal document on this question the other day. We are going to be asked, "Did you have the guts to stand up?" I want to say yes, and I believe it is possible to do so without any embarrassment whatsoever to the Government, and without any embarrassment to the House of Commons.

• (2040)

Honourable senators, there are three possible alternatives open to us, and in indicating them I shall conclude my remarks. The first, of course, is that we amend the bill; that we say that the recommendations that we have that the bill be amended make sense, and send the bill back to the House of Commons and say, "We approve the bill with the following amendments." The House of Commons will then deal with it in their wisdom. They will at least have heard from the Senate and the Senate will have communicated to them something of the truth and the sense and the sentiment of this house.

The second alternative is that the Minister of Finance be asked to come before those 30 senators—and he might come because he is a courteous generous man, who I am quite sure does not wish to see this house placed in this dilemma. Certainly if the minister did come before us again we would welcome him; we would welcome him because of the courtesy, consideration, and co-operation he showed when he was before us previously. I have not used the word "commitment" in putting forward my second alternative. But perhaps the minister might say to us, "Well we recognize your dilemma. We did not want to force you into a corner. It is one of those things that happens in the course of legislation. We thought this deadline was important and we had good reasons for thinking it was important, but perhaps it is not quite that important. Perhaps we can work the thing out another way. Perhaps we can give you a little more time. Perhaps we can listen to those others, the experts and the provinces, who are saying that it would be a mistake to enact this bill exactly on January 1." Perhaps the minister might say, "There are problems, computers are set up, notices are ready, and there are other problems. But, all right, we will resolve those problems and give you a little more time." That, honourable senators, is my suggested second alternative.

My third suggestion—and here I am speaking personally and I cannot say that I am sure it would resolve the problem, but it is my own small personal contribution to a possible resolution—is that it might be possible for the minister to come before us again saying, "I recognize your dilemma; I recognize your problem. I am prepared to go a little farther than I went when I was before you previously. I am prepared to give you what, as Minister of Finance, I will call a commitment." There is no reason why the Minister of Finance cannot commit himself. Anybody can commit himself.

Hon. Mr. Choquette: He should be committed.

Hon. Mr. Grosart: He could then give a commitment that there would be introduced a specific bill which would take into consideration the recommendations made by these 30 senators and apparently endorsed by the house, and the other suggestions that have been made. If that were to happen, I think we might be a long way along the road to resolving this problem. A big step will have been taken along the high and difficult road to resolving this dilemma if the minister suggests to us a way out. I think it would have to be based perhaps on the use of the word "commitment" because so many have said that he made no commitment, and on the word "specific" because one of the concerns raised by the generous statement he made before those 30 senators was that there would be an amending bill in the spring. I give him great credit for that, because he went as far as he could go. But to my mind he spoiled it a little when he said, "There is always an amending bill to the taxing act." So if he were to say, "I am prepared to make a commitment to the Senate that I will introduce a specific bill", this would engender in me a spirit of co-operation and I would say, "How can I go along with you to work this thing out and to do what we can to resolve the dilemma of the Senate?"

Hon. M. Grattan O'Leary: Honourable senators, I crave your tolerance for my making a two-minute footnote to what has been so ably said by my deskmate, Senator Grosart. I want to speak a word to the press. I am a reporter. I have been a part-owner of a newspaper; I have been president of a newspaper, and a publisher. But I remain and I am still a reporter, and as a reporter, and as president of my newspaper, I consider that editorial comments should be restricted to the editorial page. But in recent weeks I have been reading and listening every morning to young illiterate political reporters telling the country on a national hookup what the Senate was supposed to do about this particular bill. They said, "This bill is going to the Senate and despite some uneasy murmurs it is going to pass. Their opposition will end in a whimp-

er." And this, mind you, is understandable to a certain extent.

I have heard the Leader of the Government in this house; I have heard representative Canadians speak of members of Parliament and senators, but, honourable senators, we are all members of Parliament. There are members of the House of Commons and there are senators, and that is it. The Senate is an integral part of the Parliament of Canada, and we are too inclined to forget it.

• (2050)

It has been a great day for the Senate because we have declared our independence of the House of Commons, our independence of the executive in our right and duty to consider legislation on its own merits as it comes before us.

It has been a great day for the Senate because we have heard speeches such as the one Senator Manning delivered, which I would like to hear delivered occasionally in the other place. I have been in this chamber for ten years and have listened to honourable senators who have greater knowledge and experience in public life than they happen to have in the House of Commons. That is too bad. But we are not establishing our position. Today we have united by submitting this bill to a committee of this house with instructions to report back to the Senate. I do not agree with the Leader of the Government when he says the committee should not be given directions. I was once a chairman of a royal commission. Every royal commission and committee has terms of reference as to what they can do and cannot do.

However, we have agreed to refer this bill to a committee. When we come to discuss the bill in committee I am sure we will give it our best attention. We have had our lovers' quarrels in this debate, but no scars have been left. Despite our differences, every one of us has a common affection for Canada and Canadians. We will never surrender that because this is Canada, and this is our common country, this is our common hope, and this is our common future. I am sure I share this feeling with members on both sides of the house.

Honourable senators, reaffirming my faith in the spirit of this house and in the position of this house, I would like to say that Senator Flynn is leaving in a day or two for France to attend the marriage of his daughter. I am sure you will join me in wishing him glad grace and joy.

I am sure I speak for everyone on this side of the house when I wish you all a happy Christmas, joy and glad grace, and I hope you return with a fuller understanding of the spirit of Parliament.

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Flynn, seconded by the honourable Senator Macdonald:

> That should the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", be again before the Senate before 10th January, 1972, it be not considered before that date.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

The Hon. the Speaker: Since there is some uncertainty, those in favour of honourable Senator Flynn's motion will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are not in favour of Senator Flynn's motion will please say "nay".

Some Hon. Senators: Nay.

Hon. Mr. Choquette: They have won by a "no".

The Hon. the Speaker: I declare the motion lost.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, the intention is that the Standing Senate Committee on Banking, Trade and Commerce will sit at ten o'clock on Monday morning and the house, of course, will meet at two o'clock. I suspect there will merely be a motion at that time, but I thought I should indicate that the committee will meet at ten o'clock, and notices will be sent out accordingly.

The Hon. the Speaker: I point out that we still have four other items on the Orders of the Day.

Hon. Mr. Langlois: I ask that the remaining items on the Orders of the Day stand.

The Hon. the Speaker: Items 2, 3, 4 and 5 stand.

Hon. Mr. Prowse: Honourable senators, may I indicate that the meeting of the Standing Senate Committee on Legal and Constitutional Affairs that was scheduled for 9.30 on Monday morning has been cancelled in deference to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Grosart: Before a motion to adjourn is put, I wonder if I might suggest to the Leader of the Government that the time of the meeting of the Standing Senate Committee on Banking, Trade and Commerce be changed to eleven o'clock, because of plane schedules? Would this in any way impede the work of the committee?

Hon. Mr. Langlois: Honourable senators, I understand that notices of that meeting are already out and I am afraid it is too late to change the time, although I would like to accommodate my honourable friend.

Hon. Mr. Grosart: Not learned?

Hon. Mr. Langlois: Yes, both honourable and learned.

Honourable senators, I move, seconded by the honourable Senator Martin, that the Senate do now adjourn until Monday next, December 20, 1971, at two o'clock in the afternoon.

Hon. Mr. Flynn: Mr. Speaker, I do not rise to object. I do not feel this motion needs to be put at all because under the Rules we are to meet then unless a special order is given.

I would inquire of the Leader of the Government or the deputy Leader why the Senate is meeting if the only business for honourable senators is consideration of the bill in committee.

I would like to thank my good friend, Senator O'Leary, for his kind remarks. I will not be here on Monday, and I

extend to everyone my best wishes. Thank you for your support, at least on some occasions.

Hon. Mr. Langlois: I would like to reply to the Leader of the Opposition by saying that Rule 13 provides that when the Senate adjourns on Friday it stands adjourned until the following Monday. However, today happens to be Saturday, and that is why I made the motion. The Senate is meeting on Monday to be available in the event of a report from the Standing Senate Committee on Banking, Trade and Commerce. Also, there are other items on the Orders of the Day to dispose of. When that business is completed, and if there is no other business, the Senate will adjourn to the call of the bell.

Hon. Paul Martin: Before we adjourn, I should like to say to the Leader of the Opposition that no one will miss him more than I. I extend my best wishes to him and his wife and to the new member of his family.

The Hon. the Speaker: Honourable senators, may I take this opportunity to inform you that I have just received word that I have become a grandfather for the first time.

Hon. Senators: Hear, hear.

Motion agreed to.

The Senate adjourned until Monday, December 20, 1971, at two o'clock in the afternoon.

THE SENATE

Monday, December 20, 1971

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, as you are all aware, Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, is now before the Standing Senate Committee on Banking, Trade and Commerce. It was agreed that we would not interfere with the sitting of that committee, which will resume very shortly to continue its important work. Incidentally, honourable senators who are not members of that committee have the right to attend and take part in its proceedings.

I therefore move that the Senate do now adjourn during pleasure until the call of the bell at approximately 5.30 p.m. However, I do not wish to be held to that hour.

Hon. Mr. Grosart: It could be sooner.

Hon. Mr. Martin: Following the sitting of the committee, we shall proceed with the work of this house. The committee will meet at 2.30 p.m.

The Senate adjourned during pleasure.

The sitting was resumed at 6.10 p.m.

Hon. Paul Martin: Honourable senators, I am about to move that we adjourn until tomorrow. The standing Senate Committee on Banking, Trade and Commerce met this afternoon and has prepared a report. That report is now being edited, and it is the intention of the chairman to present it to the house tomorrow.

My intention was to adjourn the house now until 2 o'clock tomorrow afternoon at which time we would proceed with the consideration of the report. There are also some other income tax bills at present under consideration in the House of Commons which will be coming to us. These, I am sure, will not take long in either place. Some honourable senators have indicated to me that they would prefer to meet at 11 o'clock tomorrow morning, and I have no objection to this. We would then proceed to consideration of the report, and when discussion has been completed we would proceed with third reading. At that point it might be necessary to ask that the house adjourn for a while during pleasure. As honourable senators know, especially anyone who has occupied the position I do in the Senate, it is sometimes difficult to arrange a satisfactory timetable at this stage of a session. However, in trying to meet the wishes of those who have spoken to me, I move, with leave, that we adjourn now until 11 o'clock tomorrow morning.

Hon. Mr. Grosart: Honourable senators, before the question is put, I wonder if the Leader of the Government would indicate to us what other legislation is likely to be before us, before we discharge our responsibilities this week?

Hon. Mr. Langlois: The only other legislation which could reach us, before the Christmas adjournment, would be three fiscal bills which are being considered now in the other place. They are small tax relief bills.

Hon. Mr. Benidickson: A sort of budget.

Hon. Mr. Langlois: These would have the effect of a mini budget. I do not think there will be much discussion on them. It is expected that we will get the first one of these three bills tomorrow. With this in mind, I would hope that we would finish the business of this house sometime on Wednesday or, at the latest, on Thursday.

Hon. Mr. Martin: If we could get these bills quicker it would enable us to arrange in a satisfactory way the period of adjournment, which I know senators are interested in. I can say no more than that, but I have in mind the same interests.

Hon. Mr. Everett: May I address a question to the Leader of the Government? Speaking about the report of the Standing Senate Committee on Banking, Trade and Commerce, he used the word "edit." He said that the report was being edited.

Hon. Mr. Martin: I should have said "drafted." Thank you for bringing that to my attention. As a matter of fact, this just goes to show that a young man like me can be fatigued and in a moment of fatigue can say what obviously is not the situation. The report is not being drafted either. That has already been done. The report is simply being put into shape so that it can be presented by the chairman.

Hon. Mr. Grosart: I wonder if the Leader of the Government could make a little clearer his distinction between drafting and editing. What exactly is the position as he sees it at the moment?

Hon. Mr. Connolly (Ottawa West): Honourable senators, perhaps it would be helpful if I, as Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, were to point out that the committee met this afternoon and considered its report and agreed on the wording of the report. There has not yet been an opportunity to have it put into typewritten form. However, the report will be available when we meet tomorrow and at that time it will be presented to the Senate for consideration.

The Senate adjourned until tomorrow at 11 a.m.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of a Report entitled "Concentration in the Manufacturing Industries of Canada", published under the authority of the Minister of Consumer and Corporate Affairs, together with copies of the Minister's statement and a press release relating thereto.

INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. John J. Connolly, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, and had directed that the bill be reported without amendment.

The report was read by the Clerk Assistant, as follows:

Your committee, however, considers it urgent that the following observations be made.

As a result of a reference to your committee by the Senate on September 14, 1971, your committee considered the Summary of 1971 Tax Reform Legislation and the bill based thereon, being Bill C-259, which Bill received first reading in the House of Commons in June. The present Bill C-259, although amended in part, is in substance the same bill which received first reading in June in the House of Commons.

As this committee's first preliminary report states: "Your committee has heard a number of representations and has received a number of written submissions on the proposed legislation." As a result of its deliberations and studies your committee submitted to the Senate its First Preliminary Report on November 4, 1971, its Second Preliminary Report on November 30, 1971, and its Third and Final Report on December 13, 1971.

These reports include a series of recommendations for suggested amendments to Bill C-259. In approving this bill today this committee reiterates with the greatest possible emphasis that the recommendations for changes in the bill as contained in these reports are of continuing importance and relevance.

Your committee further recommends to the Minister of Finance and the Minister of National Revenue the following:

(1) That a method be found to deal with the subject-matter of the distribution of corporate undistributed income accrued subsequent to December 31, 1971, in a manner similar to the method proposed in Bill C-259 for dealing with corporate undistributed income accrued prior to January 1, 1972; and

(2) That the Minister of National Revenue give binding advance rulings on a written set of facts as to:

(a) The exercise of ministerial discretion under the Income Tax Act.

(b) As to whether a receipt would be an income receipt or a capital receipt under the Income Tax Act.

Your committee, nonetheless, is of the view that the content and context of the bill urgently calls for a series of amendments which will clarify and simplify certain sections thereof and excise others.

In view of the statements made by the Minister of Finance before your committee on December 13 and this day, your committee confidently expects that the Government will give meaningful consideration to the recommendations of your committee in respect of Bill C-259 in amending legislation to be presented to the House of Commons as soon as possible in 1972.

It is therefore expected that the Government will give intensive and meaningful attention to the views expressed herein having regard to the important role that the Senate of Canada has played and is playing in the government of this country as one of its two constituent parliamentary chambers.

• (1110)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Connolly (Ottawa West): Honourable senators, before the motion is put, perhaps it would be appropriate for me, as acting chairman, to say a few words in respect of the work done by the committee. I have been honoured to have been selected as acting chairman by the members of the committee. I hasten to assure the Senate that I was neither expecting to be able to fill Senator Hayden's shoes in this respect, nor could I.

Hon. Mr. Grosart: Honourable senators, might I interrupt Senator Connolly, as I am a little confused about our procedure at the moment. I understood Your Honour to ask when this bill would be read the third time. Am I wrong in assuming that what is before the Senate now is the report of the committee, not the third reading of the bill?

Hon. Mr. Connolly (Ottawa West): You are right.

Hon. Mr. Grosart: Is there a motion, then?

Hon. Mr. Connolly (Ottawa West): Honourable senators, I am in the hands of the Senate, but normally when a committee has examined a bill and reports the same without amendment, His Honour the Speaker puts the question, "When shall the bill be read the third time?" On other occasions, when there is an amendment, there can be a debate on the report.

If honourable senators prefer to have the debate on the presentation of the report rather than on third reading,

that can be done. I do not think that proceeding in either direction would make much difference.

If the debate takes place on the presentation of the report, it is just as effective as it would be on third reading.

Hon. Mr. Grosart: The only point I was concerned about is whether, under the rules, it would be then in order for other senators to speak, should they wish to make comments on the report.

Hon. Mr. Martin: Certainly they may.

The Hon. the Speaker: The point of order raised is a serious one. I must remind honourable senators that, for the balance of the present session, Rules 44, 45 and 78—and Rule 78 is in fact the rule which governs the present case—have been suspended.

The general rule is that when a committee reports a bill without amendment, we proceed immediately, and without delay, to third reading. That has happened on many occasions. There was a similar case a few weeks ago when Senator Hayden reported a bill without amendment and asked leave to make a statement. I immediately asked honourable senators if they agreed to this, and I said that any other honourable senator who wished to express his views would have the right to do so.

This procedure was agreed to. If honourable senators wish, we could proceed on the same basis now.

Hon. Senators: Agreed.

Hon. Mr. Connolly (Ottawa West): Honourable senators, what I was saying, in effect, before we discussed the point of order, was that I wish Senator Hayden had been here yesterday to deal with the problems that presented themselves to the committee.

First of all, in the morning we had almost a two-hour discussion with the Minister of Finance. With him he had Mr. Cohen, Assistant Deputy Minister, Department of Finance, and Mr. Thorson, Associate Deputy Minister, Department of Justice. I think it is within reason to say that the evidence given by Mr. Benson was very helpful and impressive. It was also reassuring to the committee. Certainly, Mr. Benson displayed a very detailed knowledge of the bill—perhaps more than one normally finds with a minister. Indeed, he seemed to talk with as full a mind on details of the bill as any expert could be expected to speak. The minister was very high in his commendation of the work which the Standing Senate Committee on Banking, Trade and Commerce had performed in its three-month study of this legislation. That study actually extended from September until December 13, after which the committee made its final report on the reference made by the Senate to the committee of the summary of the tax legislation, to which was appended for the purpose of the study of the voluminous bill.

There were numerous statements by members of the committee as to the value of the presentation made yesterday by the minister. Senator O'Leary and others expressed pleasure at the kind of forthright talk the minister gave in respect of matters that were of genuine concern, and properly so, to members of the committee I think it also reasonable to say that the statements and undertakings given by the minister before our committee yesterday were clearer and more meaningful than those that had been given by him when he appeared before the same committee on December 13, before we actually had the bill before us for consideration. At that time Senator Hayden was quite satisfied with the undertakings that had been given by the minister, but there was difficulty and there were misgivings expressed both here in the chamber and privately by honourable senators as to whether or not the assurances that had been given by the minister on that occasion had gone far enough.

Some senators had been satisfied with the assurances given on December 13, but for me and for the majority of the committee, the further assurances given yesterday certainly reassured, if reassurance was required, the views of senators in respect of the commitments the minister had given along similar lines on December 13.

• (1120)

Yesterday some members of the committee proposed a series of amendments, some of which were debated at length. In respect of those proposals the main concern of the committee yesterday seemed to be that there should be nothing done that would in any way negative any of the official views expressed by the committee in its reports and in its formal documents as uttered and reported to the chamber by the regular chairman of the committee, Senator Hayden. I think that the conclusion reached was that this had not happened. The Minister had given assurances on the basis of recommendations made in three reports of the committee, one on November 4, the second on November 30 and the third on December 13. He was able to regard all three of those reports as being before him when he spoke to the bill. What was important to the committee was the fact that it was these recommendations which came from the committee that formed the basis on which he gave assurances to the committee. I think it is satisfactory for the Senate to know that there is an assurance that all the work that has been done this fall by the Standing Senate Committee on Banking, Trade and Commerce on tax reform is now globally, as a body, before the Minister of Finance. We have from the minister the promise to the committee that it will be given earnest, careful and meaningful attention, and that following the study made by him and by his officials specific legislation will be introduced in the House of Commons. The Commons, of course, has the undoubted right to introduce in the first instance tax legislation which will reflect not only the recommendations of our committee in so far as these can be reflected, but also reflect recommendations and proposals from other sources which come to the minister and to the department.

I think it is understandable that the minister should say, "I cannot promise to have this amending legislation by a specific date." He made it clear that it will take a considerable time to investigate the full implications of the proposals that came from the Senate committee alone. Our own consideration of this tax legislation demonstrates that it takes a very long time to prepare proposals and to draft specific changes in the legislation knowing what the consequences will be upon other sections of the legislation and—and this is something the Senate committee cannot judge—the consequences which it might have in respect of the revenue.

So, honourable senators, here in a tax bill you have an undertaking from a minister of finance, without in any way infringing upon his responsibilities not to disclose his tax intentions ahead of time until he gives them to the House of Commons, that he will give consideration to the serious and thoughtful proposals worked out by a committee of this house, very ably assisted by a highly competent and technical staff.

I have little more to say. I think it fair to comment that the views which were adopted finally by the committee in the report before the Senate today are the views which Senator Hayden held before he left here, on the basis of the work he had done and the undertakings he heard the minister give on December 13. I have no hesitation, therefore, in recommending this report to the chamber for adoption.

Hon. Allister Grosart: Honourable senators, in reply to the remarks made by the Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, I would say first that I do not feel a better case could have been made for the action taken by the committee. Senator Connolly expressed regret that Senator Hayden was not in committee yesterday, but I would point out that he himself discharged the very important function of Acting Chairman on that occasion in fairness, with great efficiency, and above all else, in good humour.

Some Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): I would ask Senator Grosart to inform my boss about that.

Hon. Mr. Grosart: If using the word "boss" refers to Senator Hayden, I am sure he will get the message not only from myself, but from a number of senators who were at the meeting yesterday, when he returns to this place, if not before.

Honourable senators, I shall deal only with the problems that arise as a result of the failure of the committee to amend the bill in the light of certain essential deficiencies which were reported over and over again to this chamber by the Standing Senate Committee on Banking, Trade and Commerce. I suggest that no matter how many good reasons honourable senators may use to justify the action taken by the committee, as well as the action we will take shortly in approving this report and passing the bill on third reading without amendment, we shall still be doing a great disservice to the country, the House of Commons and the Senate. I can summarize the feelings of honourable senators who voted against amending the bill by saying that the Standing Senate Committee on Banking, Trade and Commerce has done excellent work over a long period of time in considering the summary of the bill and, to some extent, the bill itself, and it has achieved a measure of success in improving the bill. I do not deny for a moment that it is a better bill than it would have been without the incorporation of many amendments which were suggested by this committee. I suggest, however, that the issue now before us, if there is an issue, is not the amendments which have been made as a result of the work of the Standing Senate Committee on Banking, Trade and Commerce; it is those which have not been made and which, I gather, it is not the disposition of the Senate to communicate to the House of Commons.

• (1130)

The second good reason—and I have no hesitation in calling it a good reason—for some honourable senators feeling that they can support this action is that the minister has given commitments. I do not think "commitments" is too strong a word. We questioned the minister yesterday and asked if he would accept that word. My recollection is that he did. His commitment was, as I understood it, that the amendments which the committee rejected, as it did, will be taken into consideration by him. I think it is fair to say he indicated that a substantial part of those amendments will be incorporated in an amending bill to come to us in the spring.

The minister went so far as to say that it would be a specific bill and, having heard his earlier commitment one week ago and that which he gave yesterday, I have to agree that we have made considerable progress in ensuring that these amendments will have careful consideration and some substantial degree of implementation.

Hon. Mr. Benidickson: That is my impression.

Hon. Mr. Belisle: Yes, but what assurance have we that we will be dealing with the same minister next year?

Hon. Mr. Grosart: I am now dealing with the "good" reasons; as I go along, I may possibly think of some of the bad. I say that we have made progress. I wish to be fair. I do not wish to take the position that the work of the committee over these months has been thrown away. It has not. The committee has done a good job and I regret that we are not now allowing that committee's work to be communicated fully to the public of Canada and, particularly, to the House of Commons.

Most of the amendments which were proposed yesterday to the committee were based on a certain document. I believe it is now agreed that that document was drafted by the staff of the committee, and is the document referred to in the final report of the committee, which came to this house on December 13, from which I read this paragraph:

> With the approval of the committee, a list of top priority items among the recommendations in our two reports was submitted to the minister, together with amendments which in the view of our expert advisers and our committee would incorporate the substance of the top priority recommendations contained in your committee's reports.

That is, this committee. I suggest it is at least regrettable that the committee rejected—as of yesterday; I am not saying forever—the proposition that those amendments, already drafted and incorporating what the committee in its report to this house described as top priorities, should be made by the Senate. It is regrettable that they were not incorporated.

Hon. Mr. Connolly (Ottawa West): They were alluded to, but not incorporated.

Hon. Mr. Grosart: Did the honourable senator say they were alluded to but not incorporated?

Hon. Mr. Connolly (Ottawa West): I think Senator Grosart said that the amendments he is discussing were incorporated in the third report. They were alluded to in the third report. I should say to the honourable senator that I

was a member of that committee, and I think I attended every minute of every meeting. I have not seen the draft amendments to which allusion is made in the report. The Honourable Mr. Phillips, the committee's counsel, was with us yesterday—and I take the opportunity of saying how grateful we are that he took the time to come back—and he had never seen them either. It is purely a matter of semantics. I say they were not incorporated in the report, but were alluded to. I never saw them before.

Hon. Mr. Grosart: I was coming to that point. If I said they were incorporated in the report, it is not what I had intended to say. I believe *Hansard* will indicate that I did not say that. I said it was unfortunate and regrettable that they were not incorporated in this report with which we are now dealing.

Hon. Mr. Benidickson: When you say "this report", do you refer to the third report?

Hon. Mr. Grosart: Senator Connolly has said it is a matter of semantics. Perhaps it is. I repeat, I regret—and this is my objection to the report as it stands before us—that the amendments made, to which I have referred, were not incorporated in the report with which we are now dealing. I regret that the committee has not come back to us and said, "We made amendments, we drafted them, we sent them to the minister, and we now recommend that this chamber send those amendments to the House of Commons".

I say that because—and I have tried to consider my responsibility in relation to the Senate as a whole—I believe that the minimum responsibility, the minimum duty, of the Senate in its legislative capacity when dealing with a bill from the House of Commons is to make whatever amendments it believes will improve the bill.

There is ample evidence that the committee believes these amendments will improve the bill. There is ample evidence that the committee regards the bill in its present form as deficient. It was argued yesterday that we should not recommend amendment now, and I voiced my objection. We have communicated with the minister. There is evidence of that. There is a statement in our third report to the effect that the specific amendments, which were rejected yesterday, have been communicated to the minister.

In my view, honourable senators, we fail in our bounden duty if we do not communicate those amendments to the House of Commons. It is not part of the chain of responsibility that we should communicate with the minister. I am not objecting to communicating with the minister. We are all aware that 200 amendments were made while the bill was proceeding through the House of Commons. In the circumstances, it made very good sense to go to the minister and say, "This bill is before the House of Commons. You are making all sorts of amendments, anyway. We suggest a few more."

• (1140)

I am not objecting to that. My objection is that we are not now going to communicate that to the other place. Surely it is our bounden duty, if we sincerely believe this bill to be deficient, to so inform the other place. I object to this chamber sending a bill which we know to be deficient back without that decision on the part of our committee being conveyed, and, as well, the conviction I believe all honourable senators have that this bill in its present form is in fact deficient.

Many arguments have been put forward as to why that might not be the wise course for this chamber to take. The main argument, of course, is that the Government has said there is a deadline. They have given "good" reasons in that respect. I do not agree with all of them, but there are good arguable reasons why the Government feels this bill must be passed by midnight, December 31. But, surely, honourable senators, that is not our business. Presumably, we will dispose of this bill today by giving it third reading. I do not understand why, having the conviction that these amendments should be made, we are not sending it back to the other place with those amendments in order that the Commons can decide. They have sufficient time between now and the deadline to decide what they will do with the amendments. I simply do not understand why this chamber is not sending the bill back with those amendments, and doing what I consider its bounden duty in the circumstances. The House of Commons would then be properly apprised of the good work that has been done.

The committee has done good work. We have praised it over and over again in this chamber, and we are now saying that we will not communicate that good work to whom we have a responsibility to communicate it. That is one of the serious objections I have to our procedure with respect to this bill.

Senator Connolly mentioned some of the problems—some of them humorous, in my opinion—that arose in connection with what I refer to as the draft which is referred to in the third report of the committee. He has said today, as he said yesterday, that he has never seen the draft and the committee has never seen the draft. Counsel for the committee also said he has never seen it. I am not going into any detail as to what I feel happened, but I am told on good authority that it was distributed after a meeting. However, that is not my point.

Hon. Mr. Connolly: The committee clerk informs me that it was never distributed. I made a special point of inquiring.

Hon. Mr. Grosart: I merely say I was told it was.

Hon. Mr. Beaubien: Who told you?

Hon. Mr. Grosart: Someone left it on my desk. That is not the point, as I say. The point is that this draft, to give effect to our top priority items, was not even communicated to members of the committee—if, in fact, that is the case. The point is, we believe that these amendments should be made, and yet I am told they were not even communicated to the members of our own committee, let alone to the public or the House of Commons.

I object to our passing this bill without amendment for several reasons which I shall indicate briefly. I have discussed them before, but I want them on the record at this time.

The first reason, of course, is that the bill is deficient. The evidence contained in our four reports, going back to the White Paper, is justification for that statement. Many amendments which were suggested as a result of our study of the White Paper and Bill C-259 are still not

incorporated in this bill. We are aware of the top priority items as suggested by our committee, and these are not incorporated in the bill.

I object to the passage of this bill because there is an abundance of evidence that its passage in its present form is widely opposed across the country. There is evidence from the press, albeit not conclusive evidence but certainly important enough to give us cause for pause at this time. There is the documentary evidence that five provincial governments are opposed to passage of this bill in its present form at this time, and those five provincial governments represent 75 per cent of the population of Canada.

There is an abundance of evidence that those who are most aware of the problems of taxation are opposed to passage of this bill at this time. The committee has heard evidence from the Canadian Bar Association, the Canadian Institute of Chartered Accountants, the Retail Merchants Association, and so forth. We did not hear only from people who had great financial interests. We also have evidence that small businesses and individuals are opposed to the bill. In my opinion, we seem to be brushing all of this evidence aside.

We are told that we must not delay passage of this bill. I merely say this, honourable senators: If there is an historic function of the second chamber, it is to delay when delay is in the public interest. To me there is no validity whatsoever in any suggestion that a second chamber should not delay legislation if it is, in its view, wise to do so.

My third reason for objecting to passage of this bill is the matter of uncertainty. I realize it has been argued both ways—whether the uncertainty will be greater with this bill or without it. There are those who say this bill will make the uncertainty greater, and there are those who say it would alleviate some of the uncertainty. To me, they cancel each other out.

I recall the information carried to this chamber by Senator Lang who said that he had met a legal colleague who urged him to do what he could to get this bill passed as soon as possible because his firm had found over 100 loopholes in it, and they were anxious to put them into effect.

I mention that—

Hon. Mr. Langlois: That is not very convincing.

Hon. Mr. Grosart: I mention that merely because it indicates it is quite possible this uncertainty will impose a heavy burden on individual taxpayers—those taxpayers who are not in a position to engage the services of the type of experts they require in order to comply with the act and escape the heavy penalties that are provided for tax avoidance; not merely tax evasion, I point out.

My fourth reason is that this bill comes to us—and here again I refer to the historic responsibilities of the second chamber—not fully considered by the other place. I do not intend to labour that point, except to say that probably two-thirds of the 200 amendments that were introduced in the other place were not discussed because the Government resorted to closure on two occasions to end free discussion on this bill.

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I am sure there will be general agreement among honourable senators that if there was no compulsion of time in respect to this bill we would most certainly send it back with amendments. I do not believe there is any doubt about that. I am quite confident that the Senate would have amended this bill in keeping with its long history of improving, by amendment, bills of this nature sent us by the other place.

It has been said that any change in the bill by way of amendment would upset the Government's timetable. I suggest that that is an exaggeration of the situation. There were amendments recommended by this committee at various times which could have been incorporated in the bill, but which were not incorporated. To give just one example, there was the recommendation that no rules promulgated under this bill be retroactive in effect. That was a recommendation of this committee. To have carried that recommendation through, even as a token recommendation, would not have been subject to the argument that we have been given, that you cannot change this bill one iota without upsetting the whole bill. Another, of course, is the recommendation that fellowships and bursaries be exempt from certain provisions of the bill.

• (1150)

I do not know whether honourable senators noticed that the amendments put forward yesterday from one particular viewpoint—if you like, from one particular political viewpoint—were restricted to the Senate's own amendments. We on this side did not put forward amendments that had been moved by our political colleagues in the other place. As far as I am concerned, my own reason for that was to try to do what I could to resolve what I call the dilemma facing the Senate in a non-partisan way.

I have carefully considered whether it was or was not in the interests of the Senate that I should say this. I say now, with regret, I have reached the conclusion that if we pass this bill without amendment it will be a sad day for the Senate. I say that because, no matter how sure any honourable senators may be that the action now suggested to us can be justified by some of the reasons I have given and by others, that is not the impression that is going out across the country.

Hon. Mr. Martin: Let us correct it.

Hon. Mr. Grosart: Senator Martin says, "Let us correct it." That is what some of us have been trying to do for days.

Hon. Mr. Martin: No, not at all.

Hon. Mr. Grosart: I can see no other way to correct it than for the Senate to stand at this time and say, "We are sending these amendments back to the other place." I have looked at this problem from both sides. I hoped to be able to convince myself that we could correct it, as the honourable Leader of the Government says, in some other way, but I have to say to him that in the long history of confrontations in political institutions it is always what an institution does that goes abroad and into the history books, not what its proponents say they meant to do; not the justification they may have, but what they do. The word I hear on the radio and television and in telephone calls, and read in the press and letters, is that this is the time when the Senate should stand on its own amend-

ments regardless of the consequences, regardless of the problems that that stand might create. In the interests of the Senate, we should have stood.

Hon. Mr. Langlois: What about the interests of the country though?

Hon. Mr. Grosart: I have discussed the interests of the country.

Hon. Mr. Martin: Not very much.

Hon. Mr. Grosart: Perhaps Senator Langlois is referring—and I had hoped to avoid this—to the suggestion that it is absolutely necessary to pass this bill before the deadline in order that a very large sector of the population, probably close to five million, may receive the benefits. Proposals have been made to the Government as to how that could be achieved. There is no question whatsoever that it could have been done. It was suggested in the other place that the bill could be split. That is only one suggestion.

If there was anybody on the Government side who was greatly concerned about this there were many ways in which they could have introduced separate bills much earlier in the session, or at any time, and those bills would have been quickly passed by the other place and this house. I say that the argument that amending this bill now is of detriment to the public interest is not a legitimate one. I do not accept that argument. If I did I would have been for third reading a week ago. I resent the suggestion that the position I am taking is one that is contrary to the public interest. My record in that respect is well enough known that I do not need to elaborate further.

We often complain here about the press. We hear over and over again that the Senate is a wonderful institution but nobody knows about the great things it is doing. I do not know whether I have ever made that complaint, but I do know that in future I will never make it anywhere. If we wanted good public relations, honourable senators, here was our chance and we have missed it.

We also complain at times about legislation coming to us from the other place at the last minute before recesses, before holidays, before prorogation, even shortly before dissolution, without adequate time for us to consider it. I think I have made my last complaint on that score, because surely in the action we are taking here today we are encouraging the Government and the other place to do it again and again, because they know we will knuckle under.

Hon. M. Grattan O'Leary: Honourable senators, I have no intention at all of indulging in those comfortable phrases of mutual praise just exchanged between Senator Connolly and my distinguished deskmate (Hon. Mr. Grosart). In fact, I would be glad to take leave of this bill, because I am sick and tired of hearing of the great work done by the Standing Senate Committee on Banking, Trade and Commerce, when all that has happened is that the Senate Committee has devoured its own children and run away from its own amendments.

Furthermore, there is no question but that this bill comes to us through a form of closure. My friend the Leader of the Government shakes his head. In this house and in the committee he assured us again and again that the Senate would have ample time, all the time we needed, to examine and try to improve this bill. Honourable senators, when yesterday in my feeble way I tried to improve the bill by moving an amendment to it, an amendment in principle along the lines of an amendment sent here in the first place by Senator Hayden's committee—

Hon. Mr. Martin: Recommendations.

Hon. Mr. O'Leary: A recommendation, and I put it in the form of an amendment. What happened? They rose in a body: "No, you can't do that. You can't move an amendment here." As a matter of fact, they told us, in effect, "You can move no amendments to this bill. You are here to examine it."

Hon. Mr. Connolly (Ottawa West): As acting chairman of the committee yesterday, I think I have to object to that statement, because Senator O'Leary did move his amendment.

Hon. Mr. Belisle: He was coaxed to do it.

Hon. Mr. O'Leary: You people said, "You can't do that, and anyway we are going to vote it down", which you did by an ample majority.

• (1200)

Hon. Mr. Connolly (Ottawa West): I think the amendment was put.

Hon. Mr. O'Leary: But then you voted it down. We were told, as a matter of fact, that we could not amend the bill at all.

The Hon. the Speaker: Order, please. Honourable senators, a point of order has been raised by Senator Connolly and I suggest that we hear the point; and of course honourable Senator O'Leary will follow.

Hon. Mr. Connolly (Ottawa West): I would like to say to you—

Hon. Mr. O'Leary: That is not a point of order, Mr. Speaker.

Hon. Mr. Connolly (Ottawa West): I want to say that on the point you referred to, I do not recall your rising to make any amendment.

Hon. Mr. O'Leary: I did, and I said it in a voice which could be heard across the room. My good friend Senator Cook heard it clearly and he said something, and if the chairman did not hear me he was not doing his job.

Hon. Mr. Cook: I said that—

Hon. Mr. O'Leary: You said no, that it could not be moved at all, because you would vote amendments down—and you did vote them down. The one time we met to improve the bill, you said no, we could not do that.

Hon. Mr. Cook: No.

Hon. Mr. O'Leary: Well, now, that was no, and we all know what you said, and we all know the way you voted.

Hon. Mr. Cook: I voted against it.

Hon. Mr. O'Leary: You were voting unanimously and you were against our making an amendment to the bill. Am I not right?

Hon. Mr. Cook: Read it; read what I said.

Hon. Mr. O'Leary: I am not going to read it now. I am sick and tired of this bill. I had three telephone calls this morning, one from Halifax and two from Montreal. What was the burden of the message? It was, "The Senate has let us down again; the Senate has let Canada down." And I said, "My friends, we, the Conservative Opposition, did not let you down; a servile majority in the Senate let you down." It is becoming more servile every day—when we see the character of the appointments being made here.

Some Hon. Senators: Oh, oh.

Hon. Mr. Langlois: This is a reflection on the Senate.

Hon. Mr. O'Leary: My good friend Senator Manning said the other day that there should be "meaningful" consideration given to this bill. When we tried to give it meaningful consideration, we were voted down. What in the name of common sense was the good of going into that committee yesterday and reading the bill. We tried to give it meaningful consideration. We tried to improve it. And we were told, no, you cannot do that because there is a deadline, meaning a form of closure, nothing else. Once you put a deadline on the consideration of a bill or document of any kind, you say that you can go "Thus far and no further."

That was all that happened yesterday. Oh, yes, we had the minister there and he was very interesting. I was agreeably surprised at the knowledge he showed of the bill. But, honourable senators, I require something more than a certificate of character from the Minister of Finance. I do not think that these promises he gave us yesterday were worth a tinker's curse. He is committed to nothing despite the fact that he went a little further than he went in the meeting before that. Even so, I say he is not committed to anything.

My late distinguished leader, Arthur Meighen, once said, "Had I a wish dear to my heart, the worst fate I could fear for it was that some day it might get into a Liberal platform."

I am suspicious of promises of Liberal cabinet ministers. I am sorry to have to say it about them, but I think that suspicion is borne out by the record. What does the report of the committee say on this bill. It says:

> The committee is of the view that the content and text of the bill urgently calls for a series of amendments which will clarify and simplify it.

All right. So we are asked for third reading here in this house, to a bill on which the committee says it urgently calls for amendment, clarification and simplification.

When we tried yesterday to give it that clarification, we were told, no, you cannot do that, you cannot send an amendment to the House of Commons. And the most vociferous man on that behalf was my friend Senator Cook. Why should I be asked to give third reading to this bill?

Hon. Mr. Martin: You are not being asked to do it now.

Hon. Mr. O'Leary: The bill is up for third reading.

Hon. Mr. Martin: No. We are discussing the report of the committee.

Hon. Mr. O'Leary: Oh, well.

The Hon. the Speaker: Honourable senators, just to make the situation clearer—

Hon. Mr. O'Leary: Am I out of order, Mr. Speaker?

The Hon. the Speaker: We are discussing now the report of the committee.

Hon. Mr. Langlois: You are not out of order.

Hon. Mr. O'Leary: I am out of order?

Hon. Mr. Langlois: You are not.

Hon. Mr. O'Leary: Do you say you are the custodian of order in this chamber? I was under the misapprehension that the bill had been presented for third reading, but everything I have said up to now I could say on third reading anyway, so I may as well say it now. The committee yesterday, after careful consideration, had able draftsmen who drafted their recommendation. This is what that the bill is urgently in need of—improvement. Well, what is the sense of saying that? We were in a committee and we were not allowed to suggest improvement. We were not allowed to move a single amendment. That is like a surgeon who is allowed to diagnose a case and then is not allowed to operate.

Hon. Mr. Connolly (Ottawa West): The honourable senator should not say that. Amendments were moved, but they were defeated by vote.

Hon. Mr. O'Leary: A majority was used to prevent amendments to defeat them.

Hon. Mr. Connolly (Ottawa West): That is another point.

Hon. Mr. O'Leary: That is not another point at all. You are splitting hairs, and there is too much of that sort of thing in the Senate. We were not allowed to move amendments that were meaningful. You made it clear to us that you would vote us down every time—and you did. Not a single member of the committee who sits on the other side of the house rose to support any amendment. The amendments were not allowed to go to the Commons. The country must know that this bill has been put through this house as a result of closure, the closure of a deadline. Oh, my friend can take down his notes, but a deadline is a form of closure, and nothing else. What is the use of anyone saying to me, "Senator, move your amendment," and at the same time putting a deadline on consideration of the bill because the House of Commons must go home for Christmas? There is a guillotine. This was not imposed by the Leader of the Senate but by the executive in the other house. They said, "We will send it over there and they can do what they like with it. The Leader over there, can tell them that they have all the time in the world." Well, we had no time, and we had no time in particular to improve this bill. When we sought to improve it, we were told, "You cannot do that." More than that, you voted two to one against it. Not a single member of the opposite group rose to support any amendment to improve the bill.

Hon. Mr. McElman: Was it two to one—

Hon. Mr. O'Leary: I cannot hear you. My understanding of the way a debate is conducted is that a senator should rise on his two feet when he wishes to take part. An interruption like yours puts the discussion on the level of a fourth-grade debate.

Hon. Mr. McElman: I have a question—

Hon. Mr. O'Leary: Certainly. If you get on your feet, I will give way.

Hon. Mr. McElman: The honourable senator has made a reference to how votes were conducted in committee, and that there was unanimity on one side. Was there unanimity with your group?

Hon. Mr. O'Leary: No. We do not vote that way. We are not servile slaves. My friend behind me voted against.

Some Hon. Senators: Hear, hear.

Hon. Mr. O'Leary: I am longing for the day when I will see a member on the other side of the house rise and vote against his party. They are as brave as lions when you meet them privately, but when they get on that side of the house and a proposition is brought before them they all rise like a pack of robots and vote for their party—and you are one of the worst.

Hon. Mr. McElman: It happened on second reading—

Hon. Mr. O'Leary: Now, honourable senators, all I want is to get this to the country. Although I am speaking to that side of the house, I know it is useless. No logic, no persuasion, not anything you can use, will ever convince those people that they dare vote against the party. They are in fact here as messengers of the East Block. That is what they are, and make no mistake about it. You may as well know the truth. I said it the other day, and I will say it again. I have seen this Senate operate with real leaders on that side of the house, the Government side, who did not think it was the job or the duty of members of the Senate to take their orders from the East Block. I said it the other day and I will say it again that I have seen this Senate operate with real leaders on the Government side, leaders who did not think it was their job, or the duty of the members of the Senate, to take orders from the East Block. I think of Senator Dandurand and Senator Arthur Meighen. They never did that. But I am not now blaming the leaders of the Senate. If I were a leader I would probably do the same thing if I could get a lot of servile slaves to do my bidding.

• (1210)

Some Hon. Senators: Oh, oh.

Hon. Mr. Langlois: That is not true.

Hon. Mr. O'Leary: Oh, come on. That is what is happening and you know it, and, Senator Langlois, you are not the least of that crowd.

Hon. Mr. Langlois: I have voted against the Government on many occasions.

Hon. Mr. O'Leary: Well, why do you not vote on the right occasions?

Hon. Mr. Langlois: Can you say the same for yourself during the time you were on this side of the house? You did not vote against the Government.

Hon. Mr. O'Leary: I have voted against my party before, and I will vote against my party again. That is why I came here. I did not swear any loyalty to a party when I came here. I swore loyalty to the Constitution. But you people think you swore your loyalty to a party or to a party leader who appointed you, and that is not the meaning of the Senate. I say to the country now that this bill has passed because a servile Liberal majority in committee would not permit us to do our duty.

Hon. Paul Martin: Honourable senators, I did not intend to take part in the debate at this point of our proceedings. It is clear that we are not on the third reading of the bill. We are properly discussing the report of the Standing Senate Committee on Banking, Trade and Commerce. Senator O'Leary has allowed himself to be carried away, and I am sure that he will regret, on reflection in days to come, that he did allow himself to be carried away.

I certainly would not be worthy of the responsibility which is mine, if I allowed some of the things that Senator O'Leary said to go unnoticed and undefended. We allow a great deal, of course, in the emotions of debate but, while we may make allowance for such extravagant observations, we cannot justify failure to make defence.

Senator O'Leary has said that those who sit to the right of His Honour the Speaker are servile, that all members of the Government party are servile. He instanced as proof of this observation recent appointments to the Senate.

First of all, it is unfair to say that any member of this Senate, whether he sits on the Opposition or the Government side, is servile. I do not believe that to be the case. I believe every member of this Senate, as I said the other day, is as interested in Canada as anyone else in the country, whether he be a newspaper editor, a radio or television commentator, or a member of the political parties in the other place. And I say that without exception. I recognize at once that there is not any one who is a greater patriot than Senator O'Leary himself. But surely it is unfair to allow to go out to the country the allegations made by one of the senior senators of this house, a man who was for a long time one of the leading journalists of our country. I say there is no member of this house who deserves the appellation of servile.

Let us just take the argument that Senator O'Leary himself advanced as to recent appointments to the Senate.

Senator Manning is a recent appointment to the Senate. He is not a member of the party to which I belong. For 25 years he was leader of the Social Credit party in the Province of Alberta, and for many of those 25 years he was the Premier of the province. Who appointed him to the Senate? The present Government. The Government of this "servile group in the Senate", as Senator O'Leary has characterized it.

Sitting behind Senator Manning is Senator Lawson, who does not belong to this party. He is a respected, leading trade unionist in the province of British Columbia. Who appointed him to the Senate? This Government.

Then I see two senators who recently came into this house, Senator Bonnell and Senator Fournier (Restigouche-Gloucester). Senator Bonnell was a former minister of health in the Province of Prince Edward Island. True, he is a member of this party, but surely that does not constitute servility. He has had a distinguished career in that province. He was a member of the ministry, furthering programs of health and welfare in that province and supporting or collaborating with those charged with a similar responsibility in Canada. Sitting with him is Sena-

tor Fournier (Restigouche-Gloucester), another distinguished Canadian from the province of New Brunswick who also was a member of the provincial ministry. True, he is a member of this party, but he is a man who has rendered outstanding service and who, on that account as well as others, deserves to have been selected by the Government to sit in this chamber. Does that make him or mark him a man of servility?

I see Senator Lafond. He has served his party, yes, but in the time he has been in this house he has shown that he sees no distinction between service for a party and an honourable contribution to the country.

Senator Williams, whom I had not known until a few days ago, is one of the native population of our country. He is leader among the Indian population of Canada; a man who has fought for the Indians for many years. He is a member of this house. Is he servile because he happens to sit where he sits? Should we broadcast to the country that he is servile? Or should we emphasize and broadcast to the country that, because of the representative character of his membership in this house, he qualifies to serve here and make a contribution in our deliberations?

Senator van Roggen is a distinguished lawyer from British Columbia. He is a member of this party, but that is only one of the qualifications; it is not an exclusive qualification. He is a distinguished Canadian who has served in public enterprises with great distinction.

I look at Senator Goldenberg. Servile state? Servility in this house? Closure? Senator O'Leary has been the victim of his own eloquence and his own extreme passion on many occasions, but surely his passion has carried him too far on this occasion if he suggests that Senator Goldenberg is servile.

• (1220)

Hon. Mr. O'Leary: Is not anger one of the cleanest of the passions?

Hon. Mr. Martin: Is Senator Carl Goldenberg servile? He is a professor of McGill University, and a distinguished lawyer. He has been an adviser to many provincial governments and to many royal commissions, and is an admitted authority in the field of finance, labour, and constitutional questions. Yet Senator O'Leary in the sweep of his brush included a man like Senator Goldenberg.

Honourable senators, I could go through every seat in this Senate, and the reason I take the time now is because those words will go out and join with those in some extreme editorials in picturing this Senate as a place of servility. No one can prevent any senator or anyone in this country from making that kind of argument and I certainly am not going to try. As long as I am in public life and a member of this house I am prepared to point out the weaknesses of the Senate—and this I have done—but I am also prepared to uphold its honour, its function, and its sincerity and in that way at least try to let the country know that while we disagree with some views that some sections in this country may take, that does not mean that the Senate is a rubber stamp, that it is servile, or that it is the victim of closure. Senator O'Leary said that we were applying closure. What rule is there in the Senate that authorizes the imposition of closure *de facto* or *de jure*?

Hon. Mr. O'Leary: It is what you did. It is not what is in the Rule Book.

Hon. Mr. Martin: Let me tell Senator O'Leary that he and all the other members of his party have the right to take all the time they want to discuss this bill between now and any time in 1972, and there is no rule that can stop them from doing that.

Hon. Mr. O'Leary: I did not say there was a rule. I said that your meaningful actions yesterday prevented it.

Hon. Mr. Martin: I know what you said, and it was to the effect that there was closure, or a guillotine. We say the answer to that is that you can explain to the Canadian people why you have not taken every day between now and the end of December, on every day until next March, to try to have accepted your point of view in respect to this bill.

Hon. Mr. O'Leary: I will explain to the country all right, and I will take my time to do it.

Hon. Mr. Martin: I said that you have the opportunity of doing it in this chamber.

Hon. Mr. O'Leary: Your people voted down every meaningful suggestion I made. And now you are trying to save the face of those who would not consider this bill in a meaningful way.

Hon. Mr. Martin: You criticized Senator McElman a few moments ago when he took issue with you because he was in a sitting posture.

Hon. Mr. O'Leary: He criticized this side of the house, and he did not have the manliness to take it back.

The Hon. the Speaker: Order, please. When an honourable senator has the floor, any other honourable senator is always permitted to rise in his place, but when he does so I should like him to state whether he rises on a question of privilege or a point of order. I think this is the only way we can proceed in an orderly fashion, and I thank honourable senators for their co-operation in that regard.

The honourable the Leader of the Government.

Hon. Mr. Martin: I know Senator O'Leary finds this difficult, as I myself find it difficult when I am under attack.

Hon. Mr. O'Leary: I am enjoying it.

Hon. Mr. Martin: But that is the nature of the dialogue and the debate process. As Harry Truman said, if you want to give, then you must be prepared to take as well.

Hon. Mr. O'Leary: You are doing better than you have ever done since I came to this house.

Hon. Mr. Martin: If you cannot take the heat of the kitchen, then you should not be in it. It is a very well-known piece of advice given by him to others from time to time.

Honourable senators, now that we have disposed of this mythical allegation—and I notice Senator O'Leary says no before I even make my point—

Hon. Mr. O'Leary: Can I not even shake my head?

Hon. Mr. Martin: —that closure has been imposed here, let me say quite clearly for the country tomorrow, and let

Senator O'Leary declaim it on the 17th of March or any other day, that every member of this house is free to speak on this and on all measures coming before us, and to do whatever he or she thinks appropriate.

Let us consider the charge made against such a responsible and genteel member as Senator Cook. The enfant terrible in the committee yesterday was Senator Cook. It was not a strong man like Senator Hays or a vigorous man like Senator Langlois; it was the epitome of gentility in this house, Senator Cook.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: Let us see exactly what Senator Cook did and said in committee yesterday. I have here the transcript of the proceedings in the committee yesterday. First of all, let me give some meaning to it before I come to what Senator Cook said, and to do this I should like to read what Senator Beaubien said. Senator O'Leary will recall what Senator Beaubien said, and we all recognize Senator Beaubien as a very responsible man; a man who votes as he thinks. I hope the fact that yesterday his views happened to coincide with those of the Government will not make him servile in the judgment of Senator O'Leary. Senator Beaubien said:

> Mr. Chairman, just speaking for myself, I think what this committee would like to have is three very simple commitments. If the minister could convince us that for the good of the country this bill should pass before the end of the year, that would be a great thing for the Senate and would be a good thing for the country. After he has done that, if the minister would tell us that as soon as he found it practicable he would bring in a special bill, and that when he does prepare the special bill he will give full consideration to the recommendations of the Senate, especially with respect to our three reports, then, speaking for myself, I think that would help us tremendously in making up our minds on this bill.

And I have no doubt that it was partly with that in mind that the Minister of Finance went on to explain that he was aware of the recommendations of the committee, as he had stated a week earlier, that already some of the recommendations had been put into the bill and that others were going to be considered, and that in any event he will bring forward an amending bill. If further recommendations of the Senate committee met with his judgment and that of his colleagues they would be embodied in the amending bill. This is what Mr. Benson said *inter alia*:

• (1230)

> I went over this in some detail last week when I was here. The nine that I had seen in the Senate report were: Gifts, Bequests and Devises to Charities, Employees Profit Sharing Plans, Deferred Profit Sharing Plans, *De Minimis* Rule, which is somewhat related to the Passive Income, Tax-Exempt Non-resident Investors, Non-Resident Owned Investment Corporations, Private General Insurance Corporations and Deemed Realization on Ceasing to be a Resident of Canada. Those were the areas contained in the Final Report.

> Incidentally, I think that this committee does not receive enough credit for the amount of study that it has devoted to the contents of this bill. I have been concerned recently by such statements as, "Well, the Senate is only looking at the bill for four days." In my opinion, that is downgrading this committee, which has been considering the bill since September.

Let us inform the country that this bill does not come to us fresh, that it has been on our platter for as long a period of time as it has been in the House of Commons, and that we have given it more thorough consideration than they did in the other place. The House of Commons debated the matter in Committee of the Whole within the context of all the fervour and obstruction that comes from political debate. This was not the situation with the Standing Senate Committee on Banking, Trade and Commerce. Let us inform the public about that fact. The news media are present. Let them advise the country about the efforts of the Standing Senate Committee on Banking, Trade and Commerce. We are not dealing with this matter in one day on two days. We have been dealing with this bill, which was presented to the country on June 30, since the middle of September. Those are the facts, and Senator O'Leary speaks of the servile Senate, guillotine, closure and so on in the face of all these facts.

This is what Senator Cook said:

> My only point, Mr. Chairman—and I made this point on the floor of the Senate and I make it again—is that assuming we really desire to have the bill amended, I think we have a much better chance of getting it amended by having it passed now and having it in definitive form; then, when we receive the amending bill, to bring forward our amendments once again, because our recommendations have not been rejected by the minister. He has not rejected any of our amendments yet; in fact, he has agreed to give them consideration.
>
> In my view, the most sensible, practical and reasonable course to follow would be to allow the bill to become law now, instead of throwing it back again to the House of Commons—

And this is the relevant portion which I want Senator O'Leary to hear.

> —instead of throwing it back again to the House of Commons; and then to persuade the minister again in the new year to accept our recommendations.
>
> Let me make it clear that I am not against the principle of the amendment, but I am definitely against the amendment being pressed now. It may be that my only recourse will be to vote against Senator O'Leary's motion, which I will; but I wanted to give the reason why I would vote against it.

Surely, whether Senator O'Leary or Senator Grosart agrees with it, that is a reasonable position to take. This is not a result of compulsion on the part of Senator Cook.

Surely Senator O'Leary will help us to explain this matter to the country. I am sure that he and I will visit editorial offices informing those editors who write so glowingly without ever reading the debates which have taken place. I am sure Senator O'Leary will help us in this respect.

We cannot ignore what the witness, Mr. Thorson, said in committee yesterday, or are we about to pay no attention to important evidence that has been given? He was giving evidence regarding reasons why the implementation date should be met. This does not mean honourable senators have to agree with it. We can disagree with Mr. Thorson, and we can disagree with the Government. We have another ten days to debate this matter, and Senator O'Leary who is the champion of the democratic system has at least ten days to debate this issue to controvert what has been said by the witnesses. Mr. Thorson said:

> It will be seen that many of these taxes are conditional upon a corporation taking some particular action at a time when the new system is in effect. For virtually all of these new taxes the relevant time is the beginning of the new year.

He further stated:

> An example, which I insist is only one single example in terms of the total problem, is the tax imposed by Part XIII of the bill, on payments made by residents of Canada to non-residents—
>
> If this part of the act, for example, were not brought into force until some time in the new year, one might ask oneself what would be the position of an employer or an insurance company, or indeed, any other payer, who was directed by the substantive provisions of the bill to withhold tax from pension or annuity payments made at any time after 1971, which is the relevant date in the bill.

Please pay particular attention to this:

> If the employer withheld the tax provided for under Part XIII, he would have to do so without the authority of the Income Tax Act since Part XIII would presumably not yet be in force, and he would be, in the interim, presumably liable to civil action by the recipient of the payment, to enforce payment of the full amount that ought to have been paid.
>
> On the other hand . . . if he did not deduct withholding tax from the payment and forthwith remit it to the Receiver General, he would be in default under the law as it is now written, at such time as Part XIII came into force, because when it did come into force it would be clear that he should have deducted or withheld the tax from any such payment made after 1971.

This is only one single, simple example of the difficulties which would arise if we are not certain as to the commencement of this new scheme.

> If a corporation cannot be sure about the tax consequences of paying out dividends to its shareholders, proceeding with a re-organization of its business, investing its surplus funds in one kind of asset, as opposed to another kind of asset, et cetera, the corporation will be effectively paralyzed in many important aspects of its business.

This was the position taken by the Canadian Tax Foundation, notwithstanding the fact they did not agree with many features of the bill. This is also what Senator Cook was referring to when he suggested we should not drop the recommendations made by the Senate but use a device which, in his judgment, would likely be more effective in having these recommendations ultimately accepted.

The Minister of Finance, in dealing with the delay until March, said it does not affect in any way the nine priorities which have been outlined in the report of the Standing Senate Committee on Banking, Trade and Commerce.

• (1240)

I think we should address ourselves to this question of the reason for the importance of the implementing date. The proclamation of the regulations is dependent on the passage of this bill. The release of certain information and certain tax forms is dependent on the passage of this bill. A sense of certainty by the taxpayers as to what the law is for 1972 is dependent on the passage of this bill. If part of the bill is suspended for several weeks or months into 1972, many taxpayers, particularly in the business community, will simply not know, as Mr. Thorson pointed out, how to behave. They will not know if there are further amendments coming which will reach back and affect transactions taking place between January 1, 1972 and the date of the tabling of an amendment. They will not know whether to assess their position under the 1948 Income Tax Act or under the provisions of the 1972 tax reform bill. They will wonder what law prevails.

By the end of January 1972, he said, there will be about 15,000 corporations which will have completed their 1972 fiscal year. By the end of February this number will be close to 30,000. Therefore, for those companies, on which basis do they report their income? The old or the new? Similarly, there are undoubtedly thousands of partnerships whose fiscal year ends early in 1972, who will face the same problem.

Many examples of the consequences of this uncertainty may be cited. For instance, how does one deal with club dues and personal use of a company vehicle during the period from the effective date to the end of what is termed the hiatus period? How does one deal with interest paid by a corporation to purchase shares of a corporation during the hiatus period? Has a taxpayer who has disposed of capital property during the hiatus period realized a capital gain subject to tax? If the seller of that property is a non-resident and the buyer a Canadian, do the security provisions of section 116 of the act apply? Under which rules does a corporation operate during the hiatus period with regard to its surplus accounts; that is, the old or the new rules for distributions?

With regard to taxpayers making payments to non-residents—for example, withholding tax—which rules apply? That is one of the examples Mr. Thorson gave yesterday. Then he went on to point out that under this bill there are a number of transactions, particularly in the corporate sector, which require that forms of elections be filed with the Department of National Revenue. If the bill is not proclaimed, the forms will not be available; and therefore how can a corporation conduct its business? In other words, there are some transactions in respect of which a corporation simply cannot go ahead on the assumption that Bill C-259 will ultimately become law effective on the date designated by the Governor in Council, and so on.

Surely, these were considerations to which Senator Cook, or any other senator, had the right to refer when he considered the one, solitary amendment put forward by

my eloquent friend, Senator O'Leary. It was not that there was disagreement with the principle of that amendment. Senator Cook and others clearly affirmed that they believed in this recommendation which had been brought forward by the Standing Senate Committee on Banking, Trade and Commerce. They desired the Government to consider it and were satisfied with the assurance given by the Minister of Finance. Surely, that is what my honourable friend Senator O'Leary ought to tell the country, both through his speech and his great capacity for writing? Let him become a guest editorial writer in the newspapers of this country and tell the country what the real situation is.

I thank Senator Connolly for his chairmanship of this committee. I thank Senator O'Leary for giving me the opportunity to expose the inadequacy of his argument.

Hon. Mr. O'Leary: You did well.

Hon. Mr. Martin: In paying attention to him I have paid him a great tribute, because I thought that what he said deserved comment, even though it deserved denunciation.

Hon. Mr. O'Leary: May I, Mr. Speaker, on a matter of privilege merely say that the honourable Leader of the Government, before beginning his address, said that he had not intended to speak. I wonder how many documents and other items of preparation he would have brought with him had he intended to speak.

Hon. Mr. Martin: The day is young.

Hon. Mr. Cook: Honourable senators, I put the question to Senator O'Leary: when you write your next editorial, sir, would you like to include my picture?

Hon. Mr. O'Leary: I would not include your picture unless someone paid me.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Martin: I believe there are others who wish to speak with respect to the report. Accordingly, I move adjournment of the debate until 2.30 this afternoon.

The Hon. the Speaker: I must make matters clear now.

Hon. Mr. Martin: I am simply adjourning this debate.

The Hon. the Speaker: Is it agreed that the Senate do now adjourn until 2.30 p.m.?

Hon. Mr. Grosart: Before the question is put, may I ask the Leader of the Government if he will indicate the program for the remainder of the day, as he sees it, and possibly thereafter?

Hon. Mr. Langlois: Honourable senators, I had occasion yesterday to inform honourable senators what was in store for us today. We will continue the present debate and consider third reading of the bill. I understand this will take most of the afternoon. Should we conclude that business before 6 o'clock, we could then deal with the remaining items on the Orders of the Day. I understand some honourable senators are interested in speaking to those items. Then we would adjourn to some time this evening.

We expect some legislation from the other place. We hope that one bill will reach us by approximately 6 o'clock. In all there are three bills to come from the other place. They are non-contentious, having to do with tax-relief, as I said yesterday, merely implementing the October mini-budget.

That is the program. We hope to be able to deal with it in a matter of days. There is no deadline or time limit to be observed regarding that program. We will take as long as is needed to exhaust our consideration of these items.

Hon. Mr. Grosart: May I ask the Deputy Leader of the Government a further question? This is for the convenience of honourable senators who may wish to schedule their day. In the event that the tax-relieving bill does not arrive by 6 o'clock, is it the intention to suggest that we sit this evening?

Hon. Mr. Langlois: Yes, this evening or tomorrow morning.

• (1250)

Hon. Mr. Grosart: Even if we do not get a bill?

Hon. Mr. Langlois: I will discuss that with the honourable senator later today and arrange a program when we know exactly what is likely to come to us tomorrow.

Hon. Mr. Grosart: My specific question was, if we do not get an additional bill tonight.

Hon. Mr. Langlois: If we have exhausted the items on the agenda, we will adjourn until a pre-arranged time tomorrow.

Hon. Mr. Grosart: I ask these questions because I know that many honourable senators are concerned about the scheduling of their own activities in the next day or so. Is it our intention, in effect, to sit right through, morning, afternoon and evening, until we dispose of the legislation and other business that will come before us?

Hon. Mr. Langlois: That is open to discussion between me and the honourable senator, but I would be inclined to believe that honourable senators would prefer to dispose of these other pieces of legislation as soon as possible. I understand, from what the honourable senator has just said, that he is concerned, and rightly so, about transportation for senators to their places of residence. I am pleased to announce that arrangements have been made by the Government to provide air transportation for members of the Senate and of the House of Commons whenever they are free to leave for home. Therefore, honourable senators need not feel concerned about this matter. We will keep in touch with the other side of the house through Senator Grosart, who will be kept posted on what has been decided and on what is likely to happen in the final analysis.

The Senate adjourned during pleasure.

At 2.30 p.m. the sitting was resumed.

The Hon. the Speaker: Honourable senators, when we adjourned at about 1 o'clock we were discussing the report of the Standing Senate Committee on Banking, Trade and Commerce, as presented by the honourable Senator Connolly.

Is there any other honourable senator who would like to speak on this debate? If not, I will put the question as to when this bill shall be read a third time.

Hon. Mr. Martin: We will get to that later.

Hon. Mr. Goldenberg: Honourable senators, I must admit that I was rather taken aback by the remarks made by my friend, Senator O'Leary, before we adjourned for lunch. I refer particularly to what he said about the Senate.

I have a high respect for Senator O'Leary. He does not remember when I first met him, but I was a young student at the time. It was 45 years ago to be exact. I have great respect for him, but after hearing what he said about my fellow senators and about the Senate I began to wonder whether it was wise for me to accept my appointment to this house. I consoled myself, however, in the belief that if Senator O'Leary really believed what he said he would not continue to be a member of this house. I note he is still with us, and I hope he will be with us for a long time to come.

Senator O'Leary is a man of outstanding reputation in Canada. I regret that he said what he said, because he was, in my humble opinion, feeding the people who like to believe that this house serves no purpose and should be abolished. Coming from Senator O'Leary, I am sure that is exactly what will be concluded by some of his fellow newspapermen.

Senator O'Leary also spoke about the meeting of the committee yesterday afternoon. I am a new member of that committee and I attended my first meeting yesterday. I certainly cannot agree with Senator O'Leary's statement that amendments were not allowed. It is true that the amendment he moved was defeated, but the fact that an amendment is voted down by a majority is no indication that amendments were not allowed.

To prove my so-called "servility" I must admit that I did not vote on all amendments. There were a number of votes and in one case I could not make up my mind on the amendment proposed so I chose not to vote. As I recall, towards the end of our meeting a whole series of amendments were submitted in a batch in a document of which no one would admit paternity. In any event, these amendments were not even read, and we were asked to vote on them. Certainly, I for one would not vote for amendments in those circumstances.

As far as the bill itself is concerned, I am going to vote for it, but I say here and now I am not voting for it because I agree with every one of its clauses. There are clauses which I question and there are certain tendencies which I question but, on balance, I am satisfied that the merits of this bill outweigh its demerits.

I feel, for example, that this measure aims at more equity in taxation, and that is something we all desire. As has been pointed out again and again, it will also have the effect of reducing the tax burden on lower income earners. For these reasons, I propose to vote for the bill.

The suggestion continues to be made that the Senate has been taken by surprise, in effect, because the final bill arrived here only the other day. To say that the Senate has been taken by surprise is, in my opinion, a reflection on the intelligence of honourable senators. We all know tax reform has been before us since 1962. There have been a whole series of commissions, beginning with the Carter Commission, a federal commission, and provincial commissions. There were hearings all over the country. The press has given wide publicity to the discussions. Surely we are not going to assume that senators disregarded all these discussions and knew nothing about the measure or the proposals until the final bill was submitted.

I shall not remind you again of the very extensive work done on this measure by the Standing Senate Committee on Banking, Trade and Commerce. The committee made a very full study of these proposals. I note that the committee consists of 30 members. I assume all did not attend all the time, but more than one-third of this body could have participated in the studies made by that committee.

I come now to two constitutional considerations that are of particular interest. It is to be noted that this bill has been discussed by nearly everyone as though it were an ordinary piece of legislation. Honourable senators, this is a tax bill, and I do not think anyone will question my statement when I say that in matters of taxation the elected house has greater rights than the Senate. The Senate may not introduce a money bill; money bills have to be introduced in the other place. The Senate may defeat a money bill, but it is not established that the Senate can amend a money bill. It may have done so, but when this happens problems arise. In my view, it is wise to adhere to the traditions of the Constitution, and to remember that a tax bill, when it comes to this house, is different from any other measure. It is just 60 years since the wings of the House of Lords in England were clipped because of confrontation with the House of Commons on a money bill.

My second point has reference to the commitment made by the Minister of Finance. There have been suggestions that while the minister said he would give full consideration to the recommendations of our committee, he did not commit himself sufficiently. Honourable senators know that a minister of finance cannot and must not announce prospective tax changes in advance. If the minister told us that the changes we recommend are going to be implemented, are going to be legislated, he would be violating his oath of office.

You will remember that Hugh Dalton, who was Chancellor of the Exchequer some years ago, had to resign because, as he was walking into the House of Commons at Westminster to deliver his budget address, he in effect said to a newspaperman, "You had better be prepared to pay more for your cigarettes." It was held that Hugh Dalton had disclosed a budget secret, although it only happened in that way, and he had to resign.

I think the Minister of Finance, whom I heard yesterday, went as far as he could to show his respect for the work done by the Standing Senate Committee on Banking, Trade and Commerce, and his intention to give it more than mere casual consideration.

• (1440)

Honourable senators, I have read the documents related to the tax measure. I have been interested in taxation for years, both as a lawyer and as a member of Royal Commissions on Taxation. I conclude by saying again that I think the committee has made an ample and thorough

study of this bill. It is said that it did not have the final bill, but it is now agreed that the final bill is in substance the same as was given first reading in the other place last July.

We must admit that the Senate committee has influenced the legislation, particularly after its report on the White Paper. In my humble opinion, we are proceeding in the most effective way to continue to influence the tax legislation in the days, months, and years ahead when it will have to be amended again and again, as happens to tax legislation at all times.

Hon. Mr. O'Leary: Mr. Speaker, I should like to say a few words on a question of privilege.

The Hon. the Speaker: Honourable Senator O'Leary, on a question of privilege.

Hon. Mr. O'Leary: My honourable friend, the Leader of the Government, constantly falls into the curious state of mistaking righteous indignation for anger. I have nothing against anger. Anger is the cleanest of passions, and at least denotes conviction. So if I claim to be what he calls unduly angry in this house, it is because there are certain things which I think should not be tolerated in this house. One is the setting up of straw men, and then knocking them down with great vigour. Actually, I enjoyed the speech made by the Leader of the Government. It was a credit to the chamber, a credit to the good old art of cut and thrust in debate.

Hon. Mr. Langlois: What is the privilege in all this?

Hon. Mr. O'Leary: If you listen instead of interrupting you will find out.

Hon. Mr. Langlois: A good old Tory habit.

Hon. Mr. O'Leary: I was going to say to my friend that every evil has its exceptions, and I am glad to say here that the notable exceptions to the evil I was complaining of—and I do not withdraw it at all—were my friends, Senators Goldenberg, Manning, and Lawson—who would be salient figures in any parliament in the world—and, last but not least, my long time friend Senator Forsey. I do not accuse them of being servile at all, but I do accuse the men who sat on that committee yesterday and shouted down every attempt to improve that bill. I said they were messengers of the East Block and were servile, and those statements I stand by, unrevised and unrepented.

Hon. Mr. Beaubien: Honourable senators, I intend to vote for this bill.

Some Hon. Senators: Hear, hear.

Hon. Mr. Beaubien: Therefore, I think I should explain my position. I shall not detain you more than ten minutes.

Hon. Mr. Martin: Take your time.

Hon. Mr. Bourget: Not servile.

Hon. Mr. O'Leary: Not on our side of the house.

Hon. Mr. Bourget: Nor on this side.

The Hon. the Speaker: The Honourable Senator Beaubien.

Hon. L. P. Beaubien: Honourable senators, in examining this bill the first thing I wish to say is that on the matter of principle there are many instances of where I am not in agreement. As Senator Goldenberg pointed out, the Senate has every power, but I also think that on a question of principle the Senate has to be very careful. To put it just in a few words, if the man in the street does not like the laws, he can vote out of power the people in the other place. If we are going to make the laws and he does not like them, he cannot vote us out. So it is not fair to him.

The next thing I want to say—and I am repeating what I said before—is that it makes no sense for the House of Commons to disregard completely this house and send us a bill of this importance in the last few minutes of this session. As I said to the Leader of the Government, I do not know what he said to his colleagues, but it did not work. I do not think that is right.

Fortunately, knowing what to expect, we studied the bill long before it was actually sent to us for our consideration and, in studying the technical end of it very carefully, we proposed nine amendments. However, those nine amendments have not been enacted.

Honourable senators, the situation as I see it is that in looking at this bill we must ask ourselves the question: If we amend it as we think we should, will they in the other place, in the sloppy way they do business there, be able to send the bill back to us before the end of the year? Everybody can have his own judgment on that, but my judgment is that it would never come back in time. I may be wrong, but that is what I think. Having once decided that, the next thing to decide is whether the deadline of December 31 is important or not. We had the minister and his officials before us. Everybody can interpret what they said in his own way, but so far as I am concerned I am very much of the opinion that the deadline is important.

If we feel that we cannot amend the bill because it would not come back in time, and we feel that the deadline is important, then we must ask ourselves what we should do next. The next step then is to get the minister before us to see if he will agree to bring in an amending bill.

I do not want to tell honourable senators what to think about the minister's statement. You heard the minister. Personally, I was satisfied. Naturally, that is a terribly important factor, because when the amending bill comes to the Senate, the Senate will not have lost control of the situation. If the amending bill is not to our liking, we can amend it. To my mind that is the terribly important point. Each one can in his own way make up his mind whether he thinks the minister will or will not bring in an amending bill. I decided in my mind that he would.

The third point, which is not nearly so important, is whether the minister will consider our amendments. I say it is not so important because, if I am correct and an amending bill does come forward and we have control over the amending bill, then, if the minister does not do what we have asked him to do in respect of our amendments, we can amend that amending bill. So that point is very much less important, as I say.

Honourable senators, we have reached the point where in considering Bill C-259 we have just one thing to ask ourselves: Will this country be better served by our passing this bill than not passing it? The bill is certainly not

one hundred per cent, but will we do less harm to Canada in passing this bad bill than would be done by letting the uncertainty continue.

That is the reasoning on which I base my judgment, and so far as I am concerned I think the country would be better served if we pass the bill. Therefore, I am going to vote for it.

Hon. Ernest C. Manning: Honourable senators, what has just been said has pretty well expressed the thoughts which I have formed in listening to the debate on this matter, not only today but earlier. Frankly, I do not feel that we are serving the public interest in any way in further prolonging debate on this subject. Really, all we are doing is fighting a rearguard action against the decision that already has been made by the majority in the other place and by the majority of the Standing Senate Committee on Banking, Trade and Commerce.

• (1450)

Our main concern, surely, is to end up with the best possible tax structure that can be developed for the people of this country. If we were now debating specific amendments to the bill, further discussion would be worth while, but as everyone knows it has been the judgment of the majority of the Banking, Trade and Commerce Committee to reject any amendments to the bill at this time. The bill certainly is in need of a large number of important amendments. There are many that go beyond what has been recommended by the committee, but they are certainly among the more important.

Our concern now should be how we can best ensure that the amendments which are required are secured. We are not going to secure those amendments by arguing here at this stage whether the bill should or should not have been amended in committee yesterday. It had been my hope that at least the more obvious and important amendments would have been recommended by the committee to this house and in turn by this house to the other place. Had that been done, because of the short time the bill was in committee it still would have allowed the House of Commons time to deal with at least several significant amendments. But that is now water under the bridge and the decision has been made not to proceed on that basis.

Reference has been made to the commitments made by the Minister of Finance to the committee, and to whether those commitments went as far as we desire them to go. I must concur with what has been said by several senators, that is, that a minister of the Crown could not go further than the Minister of Finance has gone in this case, because there are very definite restrictions on any minister committing his government and the members of the House of Commons in advance, particularly in a matter as important as a major tax bill. While we may not be satisfied with the degree of commitment, in fairness it needs to be repeated that the minister went as far as the members of this house could reasonably expect him to go.

I voted against this bill on second reading because, as I indicated, it is my firm conviction that the Government and its advisers did not produce the quality of legislation that the Canadian people had a right to expect as the end result of almost ten years of detailed study and consideration. However, having registered that protest, now that the majority has decided it is going to proceed, I for one do not intend to oppose it further. But I do intend to do everything I can, and I believe that in this I am joined by many other senators, to see that the important amendments recommended by our own committee, and others with which we are familiar, are given the consideration they deserve when the amending bill to this legislation comes before us in the next session.

I do not wish to take more of your time, since I have laboured this point before, but I do want to emphasize the importance, the impact that the debate on this bill has on the institution of Parliament. I can only reiterate that in the last analysis it is the elected representatives of the people who have the right to say what the laws will be in this country, and particularly in the matter of taxation. Certainly as an appointed member I would never place myself in a position which would override the decision of the majority of the elected members of Parliament. In the last analysis, they must answer to the Canadian people for their judgment or lack of judgment. Our parliamentary structure is such that we in this house have been assigned the constitutional right and responsibility for serious second thought to legislation passed in the other place. If we are to preserve our parliamentary institutions, we must not only make them work but such must be evident to the eyes of the Canadian people. Otherwise, we will not preserve their respect for our parliamentary government. No matter what the feelings of this house may be, unless the Government of this country and the House of Commons, as the other integral part of the parliamentary system, recognize and respect our role we cannot preserve our position in the eyes of the Canadian people. Frankly, the crux of this entire debate is their failure to recognize the role of the Senate. Surely, in light of the role which has been assigned to us we are not unreasonable in expecting the Government and the House of Commons to consider the Senate when they are preparing timetables involving legislation where deadlines are concerned. We must have legislation in our hands in sufficient time to permit us to do what is required to be done without giving rise to the kind of debate which we have had on this measure where the constant spectre of time has been hanging over our heads. It is all very well and good to say there are no deadlines and we can deal with the matter as long as we wish. Everyone is aware that while this is technically true, the deadline is still there. The reason the committee rejected any amendments to the bill was that in the judgment of the majority it was expedient and important that the bill be enacted before January 1, 1972. The spectre of time has been at the crux of most of our concern.

May I come back to my appeal to the Leader of the Government and to the Senate as a whole. I am not clear in my mind what steps the Senate can take to ensure that this situation does not occur again, but I for one have no interest in being a member of this house if the other place is to continue the practice of disregarding the responsibility and right of the Senate in its timetables with respect to important legislation.

• (1500)

Some Hon. Senators: Hear, hear.

Hon. Mr. Manning: I hope that this will be conveyed to the Government and Parliament in such a manner that

they will avoid creating this situation in the future, as they can so easily do. Certainly they had to resort to closure in order to get the bill here. I would remind the honourable members again, however, that the executive arm of Government cannot impose closure. Closure could be imposed in the other place only because a majority of elected representatives supported the Government's motion to impose it. When the majority speaks the majority rules or we will not retain a parliamentary system of Government.

If I may add something in a lighter vein in closing, honourable senators, I enjoyed the debate this morning. I enjoyed the vigour with which my good friend Senator O'Leary presented his righteous indignation, some of which I confess I share. I enjoyed tremendously the vigour of my honourable friend the Government Leader in this house in the defence which he made of his party and the Senate as a whole. I appreciated some of the statements he made. If I ever found myself in a position where it was important to argue that black is white, east is west or up is down, I would first of all enlist the debating vigour of my good friend the Leader of the Government in the Senate.

Hon. George C. van Roggen: Honourable senators, if you will permit me, I will depart from the subject of the debate for a few moments to simply thank all honourable senators who have been so kind in the warmth of their greeting to those of us who were recently sworn in. I thank them also for their consideration and assistance to me and all the others who have recently arrived.

On a light note, before entering upon the remarks I wish to make this afternoon, I might simply say that some years ago I read with great interest—and I do not suggest that I had any aspirations to this place at that time—articles written by Senator O'Leary on the virtues of certain appointments that had been made to the Senate, and the virtue of having political personalities in this chamber. It came as a revelation to me this morning when he inferred that this might not be the most desirable consideration now. I was even more surprised at the inference I have to draw from such a statement that this consideration did not apply at the time he and other senators on the other side of the house might have been appointed. I say that, Senator O'Leary, in the lightest sense, and I hope it can be taken in that way.

The first point I would stress, honourable senators, is that I am not a tax expert. While I am a lawyer, taxation has not been my field. However, in the course of the last number of months, particularly since my appointment here, I have made it my business to seek the advice of tax experts, so as to equip myself to deal with and vote on this matter. In the course of doing that I have consulted not only my partners who are concerned in tax matters, but several chartered accountants in the City of Vancouver who have been seconded by some of the leading firms of this country to deal exclusively with this question. Since the bill was first brought down last June, they have spent four or five months on this question, and two or three of them have been advisers to the Vancouver Board of Trade. On two occasions I was a member of a delegation of the Board of Trade that visited Ottawa in this connection. Not being a tax expert myself, I have been in close contact with people whose advice I respect and am willing to accept on this matter. Their advice and views have been of great assistance to me in concluding whether or not I should support the bill.

Before I express those views, may I deal with a question that seems to have been the subject of a good deal of discussion during the past few days. I refer to the motivation of honourable senators in voting on this particular matter. Neither now, nor I hope at any time while I am a member of this chamber, will I be influenced by editorial writers, by the Government, by the other place, by my own leader in this house, or by what I think the public thinks I should do. I shall not be influenced by even the rights of the Senate, or by threats or concern that this chamber might be abolished.

I have been a lawyer for too long to have difficulty in distinguishing between my duty and winning popularity contests, and I shall vote on this matter, as I hope on all other matters, on the basis of one criterion only, and that is what, in my opinion, is best for all the people of Canada.

May I digress for a moment, in speaking directly on the passage of this bill, to touch on a matter connected with the subject of the bill. I refer to tax incentives for mining companies and the oil and gas industry.

As a westerner, I wish to express a few thoughts in this regard. I do so in part because the subject has been touched on during the last few days by a number of honourable senators including Senator Manning, Senator Lawson, Senator Molgat, and Senator Forsey. I want to refer particularly to the remarks of Senator Forsey, and wish that he were present to hear what I have to say. As I recall his remarks, rather than being critical of the fact that tax incentives for these types of industries had been lessened in the bill, he was critical of the fact that any remnant of a tax incentive remained for them. I think he asked: Why should an extractive industry have any tax concession? Why should it not be taxed in the same fashion as a manufacturing industry?

I point out that a tariff for a manufacturing industry is just as important to that industry and just as expensive to the consumer as a tax concession for the extractive industry. The difference between the two is simple. The manufacturing industry, particularly in Canada, and mainly in central Canada, sells its product in a protected domestic market, while we in the west sell almost every single thing that we produce at world market prices, without any ability to pass laws that would protect those prices. The tax incentive is the only assistance given by the Government to those industries, and it is no more than the benefit given to manufacturing industries by tariff structures. That is the point I wish to make.

• (1510)

I am looking forward in the months ahead to some challenging and interesting discussions with Senator Forsey on this point, and other closely related points.

Honourable senators, coming back to the choice that we are faced with today in voting on this bill, it seems to me that we have two simple courses of action. One is to pass this bill without amendment, and the other is to send it back to the other place with amendments. There may be some other permutations, such as whether we pass it

before January 1, 1972, or after that date, or whether it is amended before January 1, 1972 or after that date, but there are only two courses of action that face us. In order to decide how to vote, I have to put the factors on both sides on the scale.

Some of the remarks I shall make now may be simple repetition of what other honourable senators have already said. After the excellent presentation by Senator Beaubien a few minutes ago, I wondered if I should speak at all.

In my view, we cannot amend any bill intelligently in a parliamentary chamber such as this. It would be necessary to put it in the hands of a committee and, I would suggest, leave it there for several weeks so that it could be carefully studied and, hopefully, improved, and then sent back to the other place. However, this would consist of little more than an on-going process of amendment of which we have had a good deal this fall, to say nothing of the proceedings over the last seven or eight years.

I was impressed by the distance which the Minister of Finance appeared to go yesterday with respect to an amending bill. I do not agree with every aspect of the bill, nor do I agree with everything the Minister of Finance has done in the last few years, but I do consider him to be an honourable man. He was quite specific, I felt, when he appeared before us yesterday. He said there will be a specific amending bill coming forward some time in the next few months. At that time, as Senator Beaubien has already said, we can amend that bill, and send it back to the other place.

I say to Senator O'Leary that if, in my view, that amending bill is not sufficient, and we amend it in this chamber and return it to the other place, then he will not find this particular senator servile in refusing to follow that course. I believe the opportunity we are being presented with here is an opportunity for an on-going process of amendment and, in my opinion, we should take advantage of it.

Another thing I was impressed with in the minister's remarks yesterday—and I do not know whether this has been mentioned yet—is that proposed amendments in the amending bill to be introduced in the spring which are of benefit to the taxpayer will be made retroactive to the first of January 1972, and those amendments which might be considered to be not advantageous to the taxpayer will not be made retroactive. If we can persuade the Minister of Finance, through the logic of the work of our committee and otherwise, to incorporate into the amending bill advantageous amendments, the Canadian taxpayer will have the advantage of those amendments from the beginning of the year, notwithstanding that the amending bill would be passed some months later.

That would be one process. On the other side of the scale we have the situation in which we could deny the benefits that flow from this bill to over five million Canadians. We would still have with us the business uncertainty which, from the evidence of many people in Canada, has created a degree of slowdown in our economy in recent years because it has seriously interfered with the ability of business to make decisions and proceed with programs.

A third result would be the difficulty created in Parliament. We can all imagine the situation that would result if we sent this bill back. The other place would be in turmoil, and we could be faced with an unwanted election or other things which would not be of advantage to the Canadian people. The Canadian people would be denied the attention of Parliament to other pressing problems while it continued to deal wholly with this matter—and there are many other pressing problems to which the Canadian people are entitled to have Parliament devote its attention.

By putting this bill into effect, obscure sections of it will be put into practice, and the necessary amendments will become evident. We must consider also the evidence which we received yesterday in the committee as to the legal consequences of bringing this bill into law at a later date.

When I put all of these matters on the scale I have no difficulty in deciding that the scales tip heavily in favour of our passing this bill before January 1, 1972, subject to the firm undertaking of the Minister of Finance as to an on-going amending procedure, which I suggest the Senate and its committee played a major part in bringing about.

In conclusion, I would ask only that the Standing Senate Committee on Banking, Trade and Commerce proceed with its study of the bill and the amendments brought forward in the other place in the last month or two. I suggest that this work should commence from the time we reconvene after the Christmas recess until the amending bill is before us.

On the basis of advice I have received, and for the reasons I have given, I intend to vote for the passage of this bill. I may have received wrong advice and my judgment may be wrong, but it is my own judgment.

Hon. Edward M. Lawson: Honourable senators will recall that Saturday morning I raised the matter of the exclusion of trade unions from the bill. It is my duty to now report the disposition of that matter. However, before I do, I wish to make a few brief remarks arising from the debate today and on Saturday.

I have always thought of myself, to use a football term, as a member of the second team, but I am indebted to Senator O'Leary for his elevating me to the first team as he did so graciously a few moments ago. Having been elevated to the first team I feel I am now in a position to make a criticism of journalists—I trust a constructive criticism.

Honourable senators will recall that the other day copies of an editorial from the Vancouver *Sun* were distributed in this chamber. I must confess I was responsible for bringing that editorial here and for making arrangements, through my colleague Senator Heath, for its distribution. I did not do this because it reflected my views on the bill, but I wanted people in this part of Canada, who might not otherwise have an opportunity of reading it, to have the benefit of its views. I hesitate to say it, but it has been my view that the Vancouver *Sun* is one of Canada's truly great newspapers. Many people may disagree with that view.

• (1520)

When I left here on Saturday evening and went back to Vancouver to attend a very important function, there was another editorial, very similar in its rather vicious attack

on this chamber, except that the term used was "supine senators." Not being well educated and a high school dropout, I went to the only instant reference I could find for the meaning of "supine." I went to Senator O'Leary, who said that it means "damned weak." I take it, therefore, they were saying once again that we were damned weak senators in the way we were dealing with this bill.

The function I had to attend was an annual gathering of trade unionists. They said to me, "So you voted for the bill. How could you have voted for it?" I asked how they knew how I voted and they said they had read it in the Vancouver *Sun*. I asked, "Did they tell you about the Government Leader's statement about the length of time the Senate and already reviewed the legislation?" No, they said, that was not reported. "Did they tell you about the three reports filed by the Senate committee?" No, that was not reported. "Did they tell you of the matters I was concerned about that helped me to arrive at my decision? Did they tell you about the adjustment in benefits for low income people?" No, there was nothing specific on that. "Did they tell you I voted for the bill because it provides that working mothers can deduct from taxable income an amount of $500 per child per year up to a maximum of $2,000?" No, they were not aware of that. "Did they tell you that workers can get an allowance for tools and clothing up to 3 per cent of their gross earnings or $150?" No, they did not say that. "Did they tell you there was a special exemption of $650 for people over 65?" No, that was not reported in the press. "Did they tell you about another concern of mine, that the cost of moving from one job to another job will now be a deductible item of expense?" No, the newspaper did not say that. "Did they tell you about the provisions for the kind of people we represent, loggers, miners, construction workers, who can have as an allowable expense the cost of keeping two homes?" No, the paper had not said that. "Did they tell you about the pension benefits and the additional allowances made there?" No, they were not told about that. "Did they tell you the precise formula for capital gains? Do you think the editorial was so vicious because it was opposed to capital gains?" No, they had not been told the formula for capital gains. "Did they write about the outstanding speech made by Senator Manning, and what caused him to vote against the bill on second reading?" No, they did not have the benefit of that. "Did they report the speeches of Senator Bélisle and others?" In almost every case the answer was no.

I believe that the Vancouver *Sun* or any great newspaper has a right and a responsibility to examine us microscopically. They have a right and responsibility to criticize us and castigate us if we do not properly discharge our responsibilities. They have the right to do that; they should do that; and I think the Canadian people are entitled to rely on the newspapers discharging that role and that responsibility. But on the other side of the coin they also have a responsibility fairly and accurately to report what takes place here.

Hon. Senators: Hear, hear.

Hon. Mr. Lawson: They have a responsibility fairly and accurately to report what gave rise to Senator Lawson's decision to vote for the bill, or Senator Manning's decision to vote against it on second reading, or Senator Beaubien's decision today to vote for it. They have that responsibility.

I know there is talk of pressure. The only pressure I have felt in the last two weeks has been, not from the Government or from the deadline of closure but from the constant reference to what was being said in editorials. I would be very concerned by what was being said in those editorials if I felt it was an accurate reflection of the Canadian people, after having been given all the evidence, all the facts and all the positions we have taken here, or even a summary of our positions. But on my examination the editorials did not reflect this position; they did not fairly and accurately represent to the Canadian people the positions we have taken.

Even with respect to the role of the committee yesterday, I wonder if the Vancouver *Sun* had someone there who could accurately report that. I did not see much in the morning papers here about what took place. The newspapers have a responsibility to report not only what the minister said and the questions that were posed to him, but also the matter Senator O'Leary raised this morning, that honourable senators did, as faithfully as possible, make their case for an amendment but they were voted down, and it was a majority decision.

No one quarrels if all that is reported is accurate. But I say it is a responsibility they have to discharge, and, based on that, to let the Canadian people decide if we are properly discharging our responsibilities as members of this chamber.

I read with great interest in the Toronto *Star* on Saturday a whole review of the highlights of the legislation, an in-depth review of the capital gains provision and what it meant. I have no affiliation or association with the *Star*, although I read it from time to time, but its reporting was journalism at its best. I think the conduct of the Vancouver *Sun* in its editorials, without first having given the people all our positions, was journalism at its worst.

I left Vancouver Sunday evening at 10.30 on the midnight flyer in order to arrive here in time to attend the committee meeting on Monday morning. I do not consider that any great sacrifice. I did it for my own benefit, because I wanted to hear with my own ears whether the minister was going to waffle, or how he would answer the questions put to him. I also wanted an opportunity to raise the matter I was concerned about. I listened carefully to the questions posed by the members of the committee. I noted the very skilful conduct of the meeting by the acting chairman, Senator Connolly, who I regret is not here at the moment. He chaired the meeting fairly and impartially, and gave everyone an opportunity to present his or her view. I was impressed by the doggedness of Senator Grosart in putting forward the matters he and his people were concerned about. I was particularly impressed with the very frank and forthright response of the minister. I was surprised. I did not really expect that he would go as far as he did. Many major confrontations with which I have been associated have been resolved when the commitment was not as strong as that given by the Minister of Finance yesterday morning.

I had the opportunity to raise my own concern about the question of trade unions not being included in the bill. When I raised that matter here the other day the Govern-

ment Leader indicated that he would attempt to find out something about it. He was kind enough to arrange a meeting with Mr. Cohen, one of the minister's aides, who appeared at that meeting, and I had an opportunity to discuss it. However, for the record I wanted to raise it with the minister once more at the committee meeting yesterday. He was frank to say that the matter simply had never been raised before. Notwithstanding all the many days of discussion in the other place the matter had simply not been raised. It was something they had not given consideration to, but the minister indicated that upon presentation it would be given consideration.

I am left with simply asking myself, not only on that point, which is only one vested concern, but in my greater responsibility to the bill as a whole as it affects the Canadian people, as a reasonable, fair-minded man, what should my position be? My position should be to support the bill, and in the best interests of the Canadian people I intend to do so.

• (1530)

THIRD READING

The Hon. the Speaker: It is moved by honourable Senator Martin, seconded by honourable Senator Langlois, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Since there appears to be some uncertainty, those in favour of the motion will please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Those against the motion will please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1540)

Motion of Hon. Mr. Martin carried on the following division:

YEAS

The Honourable Senators

Argue,
Basha,
Beaubien,
Benidickson,
Bonnell,
Boucher,
Bourget,
Buckwold,
Connolly (*Ottawa West*),
Cook,
Davey,
Duggan,
Eudes,
Everett,
Fournier (*De Lanaudière*),
Fournier (*Restigouche-Gloucester*),
Gélinas,
Goldenberg,
Hastings,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Langlois,
Lawson,
Lefrançois,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Molgat,
Nichol,
Petten,
Prowse,
Rowe,
Sparrow,
Stanbury,
van Roggen—43.

NAYS

The Honourable Senators

Bélisle,
Grosart,
O'Leary,
Quart—4.

The Hon. the Speaker: I declare the motion carried.

Motion agreed to and bill read third time and passed, on division.

BUSINESS OF THE SENATE

Hon. Mr. Langlois: Honourable senators, I was informed a few minutes ago that substantial progress had been made in the other place on Bill C-260, and it is expected it will reach us within one hour. I suggest that we adjourn until approximately five o'clock.

Hon. Mr. Martin: I hope it will be possible for all honourable senators to meet with me some time between six o'clock and seven o'clock this evening on a matter of great importance. I hope to indicate at five o'clock the location of that meeting.

The Senate adjourned during pleasure.

At 5.15 p.m. the sitting was resumed.

Hon. Mr. Langlois: Honourable senators, I have just returned from the other place where I learned that Bill C-260 has passed the Committee of the Whole and is now receiving third reading. It is expected that this bill will reach us at around 6 o'clock. In the circumstances I suggest that we adjourn to the call of the bell at approximately 8.30 this evening to consider that bill.

Hon. Mr. Grosart: Honourable senators, before the question is put, would the Deputy Leader inform us if there is any possibility of our having to deal with the Farm Products Marketing Bill?

Hon. Mr. Langlois: I have no definite information about the possibility of this bill's reaching us before the adjournment. I think we will have to play it by ear and see what happens. At this time I am not in a position to say what will happen.

The Senate adjourned during pleasure.

At 8.30 p.m. the sitting was resumed.

EXCISE TAX ACT AND OLD AGE SECURITY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-260, to amend the Excise Tax Act and the Old Age Security Act.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Richard J. Stanbury: Honourable senators, I move that the bill be read the second time now.

Honourable senators, perhaps I should point out first that you have on your desks copies of this bill as it was introduced in the other place on first reading. Copies of the bill as passed by the House of Commons are not yet available, but as it was not amended in the House of Commons the copies we have will serve our purpose this evening.

This bill contains three amendments of substance to the Excise Tax Act, the first of which exempts from the tax machinery and apparatus sold to or imported by manufacturers or producers for use by them in the reduction of pollution. The second amendment exempts margarine and other spreads from sales tax. The third amendment repeals the special excise tax of 15 per cent on radios, television sets, and electron tubes.

These amendments arise from the proceedings of the Ways and Means motions relating to the Excise Tax Act and Old Age Security Act tabled by the Minister of Finance on June 18, 1971.

In addition to the changes in the Excise Tax Act there is an amendment to the Old Age Security Act and the Excise Tax Act to transfer 3 per cent of the sales tax from the Old Age Security Tax Act to the Excise Tax Act. It does not involve any increase or reduction in the sales tax, but simply removes it from the provisions of the Old Age Security Act and inserts it in the Excise Tax Act.

The other amendments which honourable senators will notice are purely technical in nature and are required to cause the existing acts to comply with the foregoing amendments. They ensure that the present sales tax exemptions will continue to exist. They apply the necessary technical adjustments to the acts to implement these changes.

That is really the essence of the bill before us. It is comprised basically of three parts: (1) amendments to the Excise Tax Act to exempt certain products and items from the sales tax; (2) the transfer from the Old Age Security Act to the Excise Tax Act of three percentage points of the sales tax; and (3) a series of technical amendments required to bring the acts into compliance.

I think that is really all I need to say at this point. If there are questions, I shall endeavour to answer them.

Hon. Mr. Grosart: Would the sponsor of the bill be good enough to tell us when Bill C-260 was introduced in the House of Commons?

Hon. Mr. Stanbury: First reading was on June 30, 1971.

[Hon. Mr. Stanbury.

Hon. Allister Grosart: Honourable senators, the bill represents what is commonly called a tax relief bill incidental to budget statements made in the other place by the Minister of Finance. By and large, it embodies technical changes, as the sponsor of the bill explained in a brief but excellent summary.

The bill is divided into three sections, one dealing with machinery and apparatus intended for use in pollution control, one leading with the excise tax on margarine, and the other repealing the special excise tax on radio and television apparatus.

In relation to the first section, perhaps the sponsor of the bill would tell us the relationship between the Old Age Security Act and the Excise Tax Act. I am not clear in my mind why this transfer is made from one act to the other. They would appear to be two acts which are not normally related.

Secondly, in connection with the tax on machinery and apparatus used for the reduction of pollution, I should like to know if municipalities using these kinds of apparatus for pollution control will receive the benefit of this decrease.

Thirdly, is there any loss to the Consolidated Revenue Fund involved in any of these tax relief measures? I presume there is. If my presumption is correct, what will be the loss of revenue from cancellation of the special excise tax on radio and television apparatus?

Hon. Mr. Stanbury: Honourable senators, I shall try to deal with the questions in order. With respect to the relationship between the Old Age Security Tax Act and the Excise Tax Act, there has been for some time a 12 per cent sales tax, but under our tax laws 9 per cent of the sales tax is imposed under the Excise Tax Act, and 3 per cent under the Old Age Security Tax Act. The bill now before us repeals the old age security tax on sales imposed under the Old Age Security Act. This is done simply to bring the sales tax into the same pattern as income tax. Instead of having a portion of the sales tax imposed under the Old Age Security Tax Act, it is brought into the Excise Tax Act.

The transfer makes no difference to the amount of tax. It is simply a tidying up measure, putting the Old Age Security situation into the same pattern, as was done in the Income Tax Act.

Senator Grosart mentioned pollution control apparatus, and asked whether municipalities will have the benefit of this measure. They will to some extent, but this is not intended as a general exemption for all pollution control apparatus. If that was the case it would cover a broad range of equipment, and would, perhaps, be difficult to define. It would take into account many items, some of which are suggested here—for example, parts which are used in motor vehicles to control emissions, sewage equipment, and so forth. There are many things involved with respect to municipalities which would be difficult to define in these terms.

• (2040)

The municipalities, however, do have a substantial exemption for pollution abatement equipment, by reason of the exemption from sales tax for municipalities with respect to the purchase of such equipment. I refer here to

equipment to be used in sewage or drainage systems, including equipment for sewage treatment plants. This is, perhaps, the largest single item with which the municipalities are concerned.

The basic purpose of this measure is to recognize pollution control as a cost of production to manufacturers and producers. Its purpose is to assist industry in doing the work which has to be done in order to control pollution.

The third matter referred to was loss of revenue. There will be, of course, losses of revenue; some of them substantial, some of them not so substantial. I believe Senator Grosart mentioned the one which is the most substantial—the loss in revenue resulting from the repeal of the excise tax on radios, televisions, record players, electronic tubes, and so forth. The section in the act which covers the special excise tax levied upon a good deal of that kind of equipment has been repealed.

The total revenue to the Consolidated Revenue from that source in 1970-71 was $38.6 million, and if it continued through 1971-72, it is estimated that it would have produced about $40 million in revenue. That is the largest of the individual items. It is, of course, expected that the reduction in tax will mean a reduction in cost to the consumer of these various items.

Hon. Mr. Benidickson: I do not believe this amending bill comes as any surprise to us. It is similar to what we were told in June.

The sponsor of the bill did, however, make reference to such items as radios, televisions, record players, and so forth. I am not a Santa Claus this year as a purchaser, but I rise as one who is always interested in the consumer's position. To what extent do these budget proposals, which date back to June, relate to what I understand is a shortage of electronic equipment prior to Christmas. I think there would normally be a more competitive market than there is. Perhaps the honourable sponsor could say something about that. He said he thought prices had been reduced, as we would expect, because of the change in the tax. I have just read the pre-Christmas shopping list, and I am told there is little competition in respect of television sets and so on.

Hon. Mr. Stanbury: I am not sure I can answer the question Senator Benidickson has asked. At the time of the budget announcement there was speculation that the reduction in price would be approximately the amount of the 15 per cent of the tax reduction. There were, of course, inventories on hand, and since this tax is at the manufacturing level the tax reduction was not taken into account immediately. I am informed that within a month or two after the announcement of the budget resolution, there were reductions in the range of $75 on $500 television sets. However, we do not have control over that situation. This is a free market. I am a little amazed that competition does not exist, because we hear so much about Japanese imports, and the difficulty American and Canadian companies have in competing in that field. I would have thought the competition would be quite fierce. I am afraid I have no other comment or observation that would be helpful.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Stanbury moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

INCOME TAX ACT

NEWSPAPER AND TELEVISION COMMENT ON CONSIDERATION BY SENATE OF BILL C-259— QUESTION OF PRIVILEGE

Hon. John J. Connolly: Honourable senators, I rise on a question of privilege. Last night on the television, certainly on CTV and I think too on the CBC's National News, a gentleman from the other place, Mr. Stanley Knowles, was commenting on the work of the Senate in connection with the tax bill. Among other things he said that the Senate had spent only a few hours on the bill on December 20.

Hon. Mr. Benidickson: He forgot about the months.

Hon. Mr. Connolly (Ottawa West): He said that scarcely enough time had been spent to allow the members of the Senate to leaf through the pages in the bill. Mr. Bruce Phillips, correspondent for the CTV, on the late news last evening on television referred to the fact that the Senate had spent only four days on the tax bill, as against 50 days spent by the other place.

This morning, on the front page of the Montreal *Gazette*, a correspondent by the name of Tierney—and God forgive an Irishman for doing something as irresponsible as this—writes that the Senate dealt with the "hefty 739-page tax bill in just three days."

Honourable senators, I know perfectly well that the raising of these matters, which affect the privilege of all senators, at this time will probably have no effect in the press at all. Nonetheless, I feel that in the interests of this chamber and of the institution to which we belong it should be raised.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): Honourable senators, when I spoke in this house on the final report I gave a few statistics of the work of the committee. The Standing Senate Committee on Banking, Trade and Commerce, became seized of the tax bill—not in a legislative way, but for purposes of inquiry—on September 14 of this year.

Hon. Mr. Benidickson: And made three reports.

Hon. Mr. Connolly (Ottawa West): Our committee did not issue its final report until December 13. In other words, it had the bill and studied it actively for a period of three months. The committee held some 26 or 28 meetings. These were not routine formal meetings. Those honourable senators who are members of the committee know that these meetings lasted hours.

Hon. Mr. Benidickson: Usually twice or three times a day.

Hon. Mr. Connolly (Ottawa West): We often sat more than once a day. We heard 30 briefs and examined 129 witnesses, and the examination of witnesses was not a formality in any sense of the word.

Every member of the Banking, Trade and Commerce Committee is not a tax expert, and if I single out a few of the members who took an active part in this work the others will not feel slighted. Senator Hayden is a tax expert, as are Senators Molson, Flynn, Cook, and Beaubien. These men examined the witnesses in great detail in respect of the presentations they were making to the committee. They exhausted the points that were raised so that they could make reports upon them. We had not only experts to advise us, but also the most eminent counsel in Canada, a former colleague of ours, the Honourable Lazarus Phillips, as chief counsel. He had with him Mr. Poissant, a chartered accountant from Montreal and a member of one of the outstanding accounting firms in Canada. There was a team behind these two gentlemen, the names of which I gave when I spoke on December 14, all of whom are experts.

• (1110)

This hardly constitutes a few hours' work on the tax bill, honourable senators. I say nothing about the debates we have had on the reports, or the fact that we spent practically all of last week discussing the third report, and this is quite apart from our debate on the bill itself.

Honourable senators, I suppose I am down to the point of almost making an argument on the basis of "my father can beat your father." But when I consider the juxtaposition of these two statistics—50 days in the House of Commons, one day in the committee of the Senate—I must conclude that that is not accurate reporting.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): One of the things correspondents and some politicians completely overlook is the special constitutional position of the Senate, indeed of any upper chamber that is not elected, in respect to tax measures. Let us suppose the Senate had made an amendment and sent the bill back to the House of Commons for consideration. I venture to say that the first man to rise in his place and object to this step would have been the same Mr. Stanley Knowles. I can well imagine him on his feet quoting to the Speaker of the House of Commons Rule 63, which reads as follows:

> 63. All aids and supplies granted to Her Majesty by the Parliament of Canada are the sole gift of the House of Commons, and all bills for granting such aids and supplies ought to begin with the House, as it is the undoubted right of the House to direct, limit, and appoint in all such bills, the ends, purposes, considerations, conditions, limitations and qualifications of such grants, which are not alterable by the Senate.

I have no doubt whatever that this rule would have been extended to tax bills.

Senator Manning in his speech yesterday alluded to the primacy of the House of Commons in respect of this area of legislation, taking into account the position of the

Senate. Notwithstanding this, honourable senators, the fact is that the content or the spirit of that rule is not universally accepted. It is not fully accepted in this house, and the proposition is not accepted universally by constitutional authorities in this country.

Hon. Mr. Benidickson: Including our chairman.

Hon. Mr. Connolly (Ottawa West): Yes, certainly including the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, Senator Hayden.

I do not desire at this stage to generate a debate on a constitutional issue. I have heard it said by a responsible member of the other place—who, incidentally, does not sit on the government benches, and who sat through nearly all the debate that took place in that chamber over the 50 days—that probably all the good and pertinent speeches made on this bill could have been made in the space of one afternoon and one evening. The speeches made and the questions asked in our committee meetings during the past three months could not have been made in any less time than the committee took to do its work.

I feel the comments to which I have alluded are unfair. They fail to take into account not only the time spent in committee, but the fact that we have examined a broad cross-section of witnesses from the private sector of the economy. We heard representatives of agriculture, credit unions, co-operatives, the Canadian Bar Association, the Canadian Institute of Chartered Accountants, the pulp and paper industry, the mining industry, the petroleum industry, life insurance companies, the construction industry, and architects, and discussed problems concerning multinational corporations. All the witnesses made a great contribution to our consideration of the tax bill. If there were no Senate committee meetings, these representatives could not have presented their briefs.

I say these comments are unfair. They are more than unfair; they are misleading. While I do not say they are wilfully misleading, I am inclined to think they might very well be malicious. The political commentators of this country and, at times, politicians themselves show a very immature attitude toward the established institutions of our bicameral system. Their comment is without sophistication.

I feel the work done by the Standing Senate Committee on Banking, Trade and Commerce on the tax reform measure has been of great benefit to this country. I do not say the committee will be completely vindicated in what it has done, but I hope that when an amending bill is passed some of the critics will come forward and indicate their approval of action taken by the Senate. The committee has been responsible. It has done its work of revision extremely well, and I feel this work will continue to improve tax law of this country, and in time, the citizens of Canada will appreciate the contribution the Senate has made to tax reform.

Hon. Mr. Cook: Honourable senators, we are all grateful to Senator Connolly for his remarks, with which we agree. He mentioned the names of a number of honourable senators but with his usual modesty he omitted his own. Members of the committee will agree that when it comes to knowledge of tax reform, Senator Connolly's name should appear just below those of our chairman (Hon. Mr. Hayden) and the Honourable Lazarus Phillips.

• (1120)

Hon. Allister Grosart: Honourable senators, I appreciate the concern expressed by Senator Connolly. I understand his determination to justify now the action taken by the Senate in respect of Bill C-259 and I congratulate him on the efforts he has just made. However, I am afraid, regretfully afraid, that it is an exercise in futility. I said that during the debate when I drew attention to the impression that had gone abroad as to what we appeared to be about to do. The stand I took, I took because I feared that this reaction, unfair though it may be, would blanket all the good work done by the Standing Senate Committee on Banking, Trade and Commerce. Not only the work of that committee but the other achievements of the Senate, particularly in the last few years, would seem to me were on the way to correcting some of the wrong impressions which were abroad in the minds of the public and the press in respect to the usefulness of this chamber.

However, we have done what we have done and I am afraid that anything we say now is unlikely to change that impression. I hope that is not so. The impression has gone abroad that it would have been better had we acted other than as we did. I would not for one moment at this stage, after the Senate has taken its action on this bill, cast any aspersions whatsoever on that action. I have the fullest appreciation of the reasons which motivated honourable senators and the committee regarding the points they brought forward. I agree with Senator Connolly that it is a matter of great regret that this impression has been created, but it is likely to continue and I am afraid there is very little we can do about it.

The Hon. the Speaker: Before we pass on to the program before us, may I ask the honourable Senator Connolly—I would like to be perfectly clear about this—if the comments to which he has taken objection were made on a television program only?

Hon. Mr. Connolly (Ottawa West): Yes, Mr. Speaker, I heard these comments personally. The other comment to which I took objection appeared on the front page of the Montreal *Gazette* this morning. Other than that, the two comments made by the other two gentlemen I heard and saw on television.

The Hon. the Speaker: Outside Parliament?

Hon. Mr. Connolly (Ottawa West): Yes. Probably the program was filmed in the Parliament Buildings, but I was not commenting with respect to a proceeding in the other place.

Hon. Sarto Fournier: Honourable senators, I think it might be proper if His Honour the Speaker, or the Leader of the Government in the Senate, were to obtain from the television stations a text of what was said. We do not all have occasion to hear everything said on the radio or television, but in the case of newspapers you merely have to keep the press clippings. I am sure that I interpret the desire of most honourable senators when I suggest that we should have the text of these statements before us in order to study them and take action if necessary.

If the Acting Leader of the Opposition (Hon. Mr. Grosart) will permit me, I should like to remind him of the words of Theodore Roosevelt who said that progress is made by those who do something, but not by those who tell others they should have done otherwise.

Hon. Mr. Grosart: I could not agree more.

Hon. Keith Davey: May I ask Senator Grosart a question regarding his statement, which concluded on a rather gloomy note? In his statement he twice used the expression "The impression has gone abroad." May we be perfectly clear that it is simply an impression that has gone abroad, and not the fact that has gone abroad? If it is simply an impression, why is the honourable senator so gloomy about our ability to dispel the impression?

Hon. Mr. Grosart: That is a very difficult question to answer. I do not know why I feel gloomy about an adverse impression of the Senate, any more than I would feel gloomy about an adverse impression of my own conduct. I merely say that I have heard many protests expressed in this chamber about what has been called our bad public relations, that we do not get our story across. When I speak of impressions, that is what I am referring to.

As to the facts, I am an old newspaperman, and I do not remember a single occasion in the reporting of any story at any time over a period of many years when all the facts on either side, on a pro and con basis, were presented. That is why I am concerned, and have been concerned for some time, about the impression that is widely held concerning the work of this chamber. I am more concerned now than I was a week ago.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of 1971 Report of the International Joint Commission on the environmental and ecological consequences in Canada of raising Ross Lake in the Skagit Valley to elevation 1725. (English text).

Copies of a communiqué issued following the Ministerial Meeting of the Group of Ten, held in Washington, D.C. December 17th and 18th, 1971. (English text).

Copies of a contract between the Government of Canada and the Town of Grand Centre, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter R-9, R.S.C., 1970. (English text).

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 20(2) of the National Film Act, chapter N-7, R.S.C., 1970.

UNITED NATIONS

SELECTION OF KURT WALDHEIM AS SECRETARY GENERAL—QUESTION

Hon. Mr. Grosart: Honourable senators, as we have some time at our disposal, would the Leader of the Government comment briefly—I hope he will not misunderstand my use of the word "briefly"—on the important news concerning the selection by the Security Council of the United Nations of the Honourable Kurt Waldheim to the highest secretarial post in that organization. My recollection is that earlier in his career this distinguished international diplomat was at the United Nations and later was the Austrian Ambassador to Canada.

• (1130)

I am sure the Leader of the Government knew Kurt Waldheim in both capacities, and perhaps he can give us some information about him and about the prospects of his carrying on the great work that has been done by his predecessors at this critical time in the history of the world.

Hon. Paul Martin: Honourable senators, it is a fact that Kurt Waldheim, the Austrian Ambassador to the United Nations, has been selected by the Security Council to act as Secretary General in succession to U Thant. Kurt Waldheim will be the fourth Secretary General of the United Nations, succeeding in turn Mr. Trygve Lie of Norway, Mr. Dag Hammarskjold of Sweden, and U Thant of Burma. He follows a worthy succession of constructive and great world statesmen.

Kurt Waldheim is known in Ottawa. As Senator Grosart pointed out, he was at one time the ambassador of his country to Canada. I was first introduced to Mr. Waldheim when he was an observer of Austria at the United Nations in 1955. He was then a young man, as he is still a young man.

Hon. Mr. Grosart: He is 53 years old, I believe.

Hon. Mr. Martin: Yes, he is now 53 years old. It was in 1955 that the Canadian proposal to break the log jam with respect to membership was accepted, resulting in a number of western countries becoming members of the United Nations, among which was Austria.

Kurt Waldheim ran for the presidency of his country this year, failing in that effort. He was the foreign minister of Austria for a number of years, and now that he has been selected to succeed U Thant I am sure that the nations of the world will rally around him and support him in this difficult and important assignment which, I know, will be confirmed by the General Assembly within the course of the next few days.

Canada attaches great importance to the Charter of the United Nations, as it does to the United Nations itself. It goes without saying that we will do all that we can to strengthen the position of the Secretary General, particularly at this juncture in human affairs.

Kurt Waldheim has our good wishes. He will likely see what has been said in this chamber today, as I propose to send him a copy of our proceedings. I should also like to use the forum of the Senate to extend not only the wishes of the Government and of the Senate, but also my own personal good wishes.

NATIONAL REVENUE

DISTRIBUTION OF TAX FORMS—QUESTION ANSWERED

Hon. Mr. Martin: Honourable senators, before the Orders of the Day are called I should like to give several answers to questions that were asked and taken as notice.

Earlier in the month I was asked a question by the Leader of the Opposition (Hon. Mr. Flynn) concerning the distribution of forms relating to provisions of Bill C-259. My answer, as prepared by the Department of National Revenue, is as follows:

> Action has been taken by National Revenue, Taxation, to provide employers with 1972 TD1 forms necessary for the implementation of the tax deduction tables to be issued, which will reflect the new rates and exemptions.
>
> The Department has begun preparation of all other necessary forms, but the final copy will not be approved until Bill C-259 becomes law. They are being prepared in advance so that they can be distributed as soon as possible after the revised law comes into effect.

Bill C-259 only becomes law, of course, after royal assent. It is expected that we will have royal assent tomorrow, and I know we will have a strong representation from the Senate at that ceremony.

An Hon. Senator: What time will that be?

Hon. Mr. Martin: I am hoping it will be between 4 p.m. and 5 p.m., although conceivably it could be earlier.

COMMONWEALTH AFFAIRS

SANCTIONS AGAINST RHODESIA—QUESTION ANSWERED

Hon. Paul Martin: Honourable senators, a question was asked by Senator O'Leary on December 17 in these terms:

> In view of the sanctions, does the Leader of the Government know how much chrome was imported into this country last year, and where it came from?

As this was an oral question, I have to reply to it orally.

The following are the preliminary figures for 1970 of imports of chrome, in ore or concentrates, into Canada:

		Value Cdn.
From the U.S.	13,226 short tons	$1,127,000
From the Philippines	7,616 short tons	514,000
From the U.S.S.R.	6,670 short tons	458,000
From Turkey	1,671 short tons	120,000
From Cyprus	1,064 short tons	88,000

This will please Senator Connolly.

From Ireland	198 short tons	24,000
Total	30,445 short tons	$2,331,000

Hon. Mr. Benidickson: Was this in the context of Rhodesia?

Hon. Mr. Martin: Yes. These figures, which are preliminary, represent somewhat of a drop from the final figures for 1969. The 1969 figures are 41,924 short tons, valued at $2,889,000 Canadian dollars. The biggest difference between the two years is accounted for by a very significant drop between 1969 and 1970 in imports from Turkey.

Senator O'Leary was anxious to know if chrome imports from the Soviet Union might represent in part transshipments from Rhodesia, and my reply on behalf of the Government is that the Government has no evidence which would support such a proposition.

EXCISE TAX ACT AND OLD AGE SECURITY ACT

BILL TO AMEND—THIRD READING

Hon. Richard J. Stanbury moved the third reading of Bill C-260, to amend the Excise Tax Act and the Old Age Security Act.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Leopold Langlois: Honourable senators, the information from the other place is that very little progress has been made on the bills that are expected to be sent to us between now and the Christmas adjournment. In these circumstances, I would suggest that the Senate now adjourn during pleasure until approximately 5 o'clock this afternoon.

Before we adjourn I should like to stress the importance of all honourable senators being in attendance in this chamber, both today and tomorrow, when it is expected that we will have royal assent and finish our pre-Christmas schedule of work.

I now move that the Senate adjourn during pleasure to await the call of the bell at approximately 5 o'clock this afternoon.

Hon. Mr. Grosart: Before the question is put, may I ask Senator Langlois or the Leader of the Government to indicate the program that may be before us in certain eventualities? I am speaking now of what we hear only in the corridors, that one of these bills, namely, the Farm Products Marketing Agencies bill, may not be disposed of in the other place by tomorrow night. There are some indications that it is the intention of the other place to adjourn whether that bill is passed or not, and to resume its discussion perhaps next Monday. Presumably, this could be a quite long debate, if certain negotiations that have been going on through the usual channels are not successful. On the other hand, it could be reasonably short.

The question I ask Senator Langlois or the Leader of the Government is: In that event, what would be the intention with respect to further disposition of that or other bills by the Senate?

Hon. Mr. Langlois: Honourable senators, my information is, although I have not seen it, that notice was served yesterday in the other place to the effect that the adjournment will take place after royal assent has been given to the three fiscal bills, one of which has already been passed by this chamber, and the Farm Products Marketing Agencies Bill. I am also informed that the latter measure is very important. It is being enacted at the request of all provinces of Canada, which are in agreement. I am also told that there is urgency because the Province of Ontario will have to pass enabling legislation some time during the month of January in order to implement its provisions.

It is my understanding—although I can give no definite information to honourable senators—that if this measure is not disposed of between now and Christmas, the other place could be recalled before the end of the month to pass it early in January at the latest.

Hon. Mr. Grosart: My question is: In that event, is it the intention to resume the sittings of the Senate in order to pass that bill when it is passed in the other place?

Hon. Mr. Martin: There is no question about the constitutional obligation of the Senate to meet to pass legislation received from the other place as quickly as possible. Apart from that, I want to know more about what is going on. I understand there are now, or there have been, meetings between the leaders in the other place. Perhaps later in the day we shall have a better appreciation of the situation.

Hon. Mr. Grosart: I should make it clear that I am not raising any objection to any particular way of proceeding. I was asking for information, because I know honourable senators are concerned.

Hon. Mr. Martin: I think Senator Grosart will agree with my statement about our obligation with regard to legislation.

Hon. Mr. Grosart: Most certainly.

The Senate adjourned during pleasure.

At 5 p.m. the sitting was resumed.

COPYRIGHT ACT

BILL TO AMEND—MESSAGE FROM COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill S-9, to amend the Copyright Act, and to acquaint the Senate that they have passed this bill without amendment.

Hon. Mr. Argue: Rubber stamp.

Hon. Senators: Hear, hear.

CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-261, to amend the Customs Tariff.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. Carl Goldenberg: Honourable senators, I move that the bill be now read a second time.

Honourable senators, Bill C-261 proposes changes in 45 items in the Canadian customs tariff. These changes include the implementation of two Tariff Board reports, without amendment, and a number of changes designed primarily to improve the competitive position of important Canadian industries.

May I direct attention to the table which has just been distributed to honourable senators, setting out rates of duty applicable to the goods or tariff items proposed by Bill C-261, and the corresponding rates in effect prior to the 1971 budget. This facilitates comparisons of the present rates and the proposed rates. So that the table may be readily available for reference, I would ask that it be printed as an appendix to the *Minutes of the Proceedings* of the Senate this day and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Goldenberg: As honourable senators are aware, the Canadian Customs Tariff is comprised of three schedules. Schedule A enumerates the goods subject to duty or which enter duty-free; Schedule B provides for drawback of customs duties on certain goods when used for specified purposes; and Schedule C lists those goods which are prohibited entry into Canada.

Clause 1 of the bill amends Schedule A to the Customs Tariff and should be considered with Schedule A to the bill.

There are 42 tariff items in this schedule. The most significant changes remove the duty on certain heavy fuel oils for a two-year period, establish a duty-free entry program for logging and sawmill machinery and implement the recommendations of the Tariff Board in its Report No. 141, on fractions of petroleum for petrochemical manufacturing, and Report No. 143, relating to polyethylene.

In its Report No. 141, the Tariff Board recommended that the existing rates of three-quarters of a cent per gallon British preferential tariff, and one cent per gallon most-favoured-nation tariff, on petroleum fractions, be reduced to one-third cent per gallon. This is the rate proposed in item 26910-1. Petroleum fractions represent a very significant element of cost to petrochemical manufacturers. For example, naphtha represents well over half the cost of making ethylene. The reduced rates should enable Canadian petrochemical manufacturers to compete more favourably with foreign manufacturers.

With respect to polyethylene, the Tariff Board, in its report under reference No. 143, recommended that the duties on polyethylene resin, item 93902-3, be increased from 7½ per cent to 10 per cent with corresponding increases from 10 per cent to 12½ per cent on moulding compounds, item 93902-42, and on sheet, film, rod, et cetera, item 93902-82, from 15 per cent to 17½ per cent. These new rates will be in line with the tariff on other Canadian-made plastics and with the rates established in the Kennedy Round. They will improve the competitive position of Canadian polyethylene producers who, according to the Tariff Board, have been faced with declining prices and higher raw material costs than those which producers in other countries are required to pay.

For the benefit of those who may be wondering what tariff reductions have had to be offered as compensation

to our trading partners for the increases we are proposing in the tariffs on polyethylene, I would point out that the proposed new rates are those agreed to and bound under the Kennedy Round, and consequently do not require renegotiations under the General Agreement on Tariffs and Trade.

So far as heavy fuel oils are concerned, provision is being made for the duty-free entry of numbers 5 and 6 heavy petroleum fuel oils for a two-year period. The current duty of one-third cent per gallon, item 26906-1, on these oils is equivalent to 11.7 cents per barrel. Canadian production has not been sufficient to meet domestic requirements. In 1970 Canadian production totalled 85 million barrels and about 34 million barrels had to be imported. Heavy fuel oil prices have been increasing sharply. It is expected that the pulp and paper industry alone—one of the principal applicants for tariff reduction on heavy fuel oils—will benefit to the extent of over $3.5 million annually.

With respect to logging and sawmill machinery, honourable senators are aware that in the course of the Kennedy Round of tariff negotiations a new program was established providing for the duty-free entry of production machinery when the machinery is not available from Canadian producers and when it is in the public interest to do so. The provisions of this program are now being extended to machinery used in logging and sawmill operations, item 41100-1. The existing rates of duty applicable to this machinery are 10 per cent British preferential and 12½ per cent most-favoured-nation tariff, items 41100-1 and 41105-1. Annual imports of logging and sawmill machinery in the amount of $20 million will now be eligible for free entry when not available from Canadian producers.

There are other amendments in the bill, but most of these other changes are of a clarifying or relieving nature and are of a relatively minor character. For example, provision is being made for lower duties on a diverse range of products such as paper pads for packaging fresh fruits, item 19947-1, machines for tanning or embossing leather, item 42000-1, patterning devices for the treatment of children suffering from cerebral palsy, items 47825-1 and 47826-1, and certain musical instruments, items 59745-1 and 59755-1. Duty-free entry is being extended to cover films, video tapes and sound recordings imported temporarily for dubbing into other languages, item 65820-1, and to a broader range of works of art, items 69515-1, 69516-1, 69520-1, 69525-1 and 69526-1.

• (1710)

Clause 2 of the bill introduces amendments to Schedule B to the Customs Tariff. As I have previously indicated, Schedule B consists of a number of items which provide for the drawback or refund, at varying rates, of the duty paid on certain goods used in specified Canadian manufacturing. Six existing Schedule B items (97003-1, 97011-1, 97019-1, 97020-1, 97027-1 and 97057-1) have not been used in recent years and are being deleted from the Customs Tariff. A new item (97045-1) is being introduced to provide a 99 per cent drawback of the duty paid on fire brick used in the construction or repair of coke ovens. An existing item now provides for a similar drawback on fire brick used in iron and steel furnaces. Drawback item 97008-1 is being amended to include pre-cut ribbons for the manufacture of hat bands.

Clause 3 of the bill amends Schedule C to the Customs Tariff by permitting the Governor in Council to waive the prohibition on the importation of metallic trading checks in certain instances.

The tariff changes set out in this bill came into effect on June 19, 1971, the day following the presentation of the 1971 budget. This, as you know, is customary when there are tariff changes. The relevant provision is contained in clause 4 of the bill.

Honourable senators, the copy of the bill on your desks is as at first reading, but no changes were made in it in the other house.

Hon. Allister Grosart: Honourable senators, I am sure that at this late hour of the day, month and year I will not be expected to offer any detailed criticism of the bill. Senator Goldenberg made reference towards the end of his remarks to clause 4 which to me, from a parliamentary point of view, is the most interesting clause. This is the clause which, once royal assent has been given, states that the bill shall be deemed to have come into force on June 19 last. As Senator Goldenberg said, this is customary, but it seems to me it is one of the customs we could do without. This and related bills which are intended to implement the ways and means motion of June 19 are some of the reasons we are in this difficult if not impossible position, and why we are here at this time waiting for bills to pass through the other house, some of which could have been passed a long time ago. At this stage it has taken the House of Commons only a day or so to pass this bill, and perhaps the same will apply to Bill C-272 which is within this same grouping. I make the same comment with respect to Bill C-260, which we passed this morning. I feel all of them could have been expedited through the House of Commons a long time ago.

Why does this custom persist? The obvious reason, of course, is that the ways and means resolution permits the clauses of this bill to be put into effect before the bill itself is approved by Parliament. One of the strangest consequences of this custom is that the more fully accepted it is, the longer is the period between the actual enactment by Parliament and the effective date of the bill. Perhaps this is human nature, but I suggest there is something wrong with our entire system of Parliament as well as with the introduction of bills into Parliament by the Government. Since the Government's intentions can be implemented by a ways and means motion, it is more likely to stretch the period of time between the enactment of the bill by Parliament and its effective date.

Honourable senators, I suggest that if there is anything which we in this chamber can do—and Senator Manning has suggested that there may be—I feel we should do it. This may be a matter which can be taken up by our Standing Committee on Standing Rules and Orders, as Senator Manning has suggested. I do not know how effective that might be, but I hope the Senate will entrench rules to prevent bills being sent to us at the last possible moment when there are so few of us present to deal with them. There may be other honourable senators interested in discussing this bill who cannot be present.

This, of course, is one of a group of bills, and we are awaiting another. I do not know how long we will wait because that is up to the House of Commons.

Hon. Mr. Goldenberg: If Senator Grosart will allow me, I am advised that these amendments, in form, fit into the pattern of the amended Income Tax Act, and because that act has just been passed there has been a delay in bringing these other bills forward. This is the information given to me.

Hon. Mr. Grosart: Thank you for your intervention, Senator Goldenberg. But as you indicated earlier, this is customary, and whether it relates as it does in this particular case to problems regarding Bill C-259, this does not in any way change the general thrust of my argument. Whether or not we have had a long delay in dealing with problems relating to Bill C-259, if my recollection is correct we would be faced with this same situation.

• (1720)

The bill and its schedules are in themselves an indication of the complexity of legislation. Senator Goldenberg referred to some of the items, but not to others.

Honourable senators, to indicate the complexity of this type of legislation I might indicate some of the other items. In fact, the first is:

7801-1

Palms, ferns, rubber plants (Ficus), cannas, dahlias, paeonias, rhodedendrons *including azaleas,* pot-grown lilacs, araucarias and laurels.

7802-1

Gladiolus, *as corms*

7803-1

Hydrangeas and other pot-grown plants, n.o.p.; rose stock and other stock for grafting or budding, n.o.p.; bulbs, corms, tubers, rhizomes and dormant roots, n.o.p.

7804-1

Hydrangeas—

There is something, in a way, for all. There is plenty for the gardeners and, as I look through the bill, I see something even for youth in that glass beads are now exempt under the schedule to this bill.

Some Hon. Senators: Hear, hear.

Hon. Mr. Grosart: I heard some applause, and thought it might be from Senator Argue.

The major items covered by the bill seem to be intended to give relief from taxation and, therefore, some incentive in the domestic and export markets, to the petro-chemical industry. I have to say that the spokesmen for that industry have regarded it as rather picayune relief, far from the type of incentive the industry has requested of the Government and which it, in the view of many, has a right to expect.

That is all I have to say regarding this bill, honourable senators. I see no reason why it should not be dealt with expeditiously at this time. As far as I am concerned, the same comment applies to the other bills which we expect to receive.

[Hon. Mr. Grosart.

Hon. Herbert O. Sparrow: Honourable senators, I would ask the honourable sponsor of the bill for some information with respect to item 99208-1 in Schedule C. He may not have the answer to my question now, but perhaps he could obtain it.

I understand that Schedule C of the Customs Tariff contains prohibited articles. One item in that schedule is metallic trading checks in circular form, the description of which is to be changed by adding the words:

> —unless in any particular case or class of cases exempted from the provisions of this item by a regulation of the Governor in Council.

Does the honourable senator have information as to the type of regulations that may be enacted? On what basis will metallic trading checks in circular form be allowed to be imported into Canada?

I ask this question because during the past year a number of shipments of metallic coins have been held up at the border and refused entry into Canada. I believe the reason for the new provision is that it will allow them entry. I wonder what the regulations might provide for the future?

Hon. Mr. Goldenberg: I can tell the honourable senator that with respect to metallic trading checks, the intention is to ensure that the imports are of the souvenir or memorial type, with respect to which the department received representations, and will not include the type of token which, for example, could be used illegally in vending machines.

Hon. Mr. Benidickson: I assume the honourable senator is referring to the very small print in Item 99208-1?

Hon. Mr. Sparrow: Yes.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Goldenberg: I move that the bill be read the third time now.

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

BUSINESS OF THE SENATE

Hon. Leopold Langlois: Honourable senators, there is still Bill C-275 to come to us from the other place. It is presently being dealt with. I am informed that it has reached the second reading stage, and it is anticipated that it will come to us early tomorrow afternoon. Later in the afternoon we shall have royal assent.

I assume it will be in order for us to adjourn now until 2 o'clock tomorrow afternoon, and I so move. I stress the importance of the attendance of all honourable senators tomorrow to deal with that legislation, and also for royal assent.

Hon. Mr. Grosart: Before the question is put, may I ask Senator Langlois if he has any information on the disposition in the House of Commons of Bill C-176, which was included in the motion of the leader of the house in the

other place, and the Government's intention with respect to that bill and the time when the current session might end?

Hon. Mr. Langlois: My information is that discussions are still taking place among the leaders of the various parties in the other place concerning the Farm Products Marketing Agencies Act. The vote on this piece of legislation appears to be quite uncertain. It is unlikely that the bill will reach us before we adjourn for Christmas, in which event the house will be recalled later in the year, or early in the new year. Honourable senators may be recalled between Christmas and New Year's Eve, or early in January, to deal with that bill.

The Senate adjourned until tomorrow at 2 p.m.

23351—113½

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Department of Energy, Mines and Resources for the fiscal year ended March 31, 1970, pursuant to section 5 of the Department of Energy, Mines and Resources Act, chapter E-6, R.S.C., 1970.

Copies of a Report on job vacancies, issued by the Department of Manpower and Immigration in conjunction with Statistics Canada.

Capital and Operating Budgets of the Canadian National Railways for the year ending December 31, 1971, pursuant to section 37(2) of the Canadian National Railways Act, chapter C-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1971-2066, dated September 30, 1971, approving same. (English text).

Capital Budget of Air Canada for the year ending December 31, 1971, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1971-2065, dated September 30, 1971, approving same. (English text).

AGRICULTURE

FEDERAL GOVERNMENT POLICY—DEBATE CONCLUDED

The Senate resumed from Thursday, December 9, the adjourned debate on the inquiry of Hon. Mr. Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the federal Government.

Hon. Hazen Argue: Honourable senators, I wish to take advantage of having adjourned this debate to make a few remarks particularly about the recent large sale of wheat to China that was announced on Saturday by the Minister of Manpower and Immigration, the Honourable Otto Lang. This is the largest single sale of wheat ever made to communist China. Together with the excellent sales made to date this year, and the terrific movement of grain, it assures, barring strikes or something unforeseen, that during the present crop year there will be exported from Canada the largest quantity of grain in our history.

This is certainly a turnabout situation for the grain farmers so far as exports are concerned, and it is exceedingly welcome. I should like to point out that this accomplishment has not been easy. It has been made in the context of a very difficult world market for grain. It has been made in the context of a world market for export grain that has dropped 10 per cent this year.

Over the years it has been felt that Canada was not doing a good job of competing in the world market for grain, and there probably was a measure of truth in that sentiment; but today Canada is doing an outstanding job in the marketing of our grain in the export field and is now leading all the world in its accomplishments.

I have in my hand the latest Wheat Review, which is for November. It gives the total exports of wheat for this year from August to October. It shows that Australian exports this year as compared to last year were reduced from 91 million bushels to 80 million, a reduction of 12 per cent, American exports fell from 192 million to 146 million, a drop of 24 per cent, and Argentine exports dropped from about 22 million to just about five million, a drop of about 80 per cent.

While our competitors were losing sales in the export markets, Canada was increasing its exports from 131 million bushels one year ago to 160 million bushels in the same period this year, an increase of 22 per cent. I think that constitutes a very outstanding achievement for all those connected with the grain business.

Hon. Senators: Hear, hear.

• (1410)

Hon. Mr. Argue: A few years ago when the Honourable Alvin Hamilton was Minister of Agriculture he was regarded as an excellent salesman. Almost everyone said that he was doing a terrific job. In his first year as minister, Canada exported just over 428 million bushels of grain while in the following year, 1962-63, Canada exported 394 million bushels of grain. Exports were in the neighbourhood of 400 million bushels of grain per year. But a conservative estimate is that Canada will export 725 million bushels this year. As I say, everyone said that Alvin Hamilton was a supersalesman, so apparently Otto Lang is twice as good a supersalesman. I do not know what word you would use to indicate his outstanding success, but the success is not his alone; it is due to all those connected with the grain business.

I said in this chamber a year ago when I was being quite critical of the LIFT program that I thought the so-called surplus situation had been overemphasized. I would suggest today that for 80 per cent of the farmers of western Canada, as far as they are individually concerned, at the end of the current crop year there is no surplus problem. Their granaries by and large will be empty. The markets are fabulous as far as farmers, marketing and sales are concerned.

General wheat quotas are six bushels per acre, Durum ten bushels per acre, flax quotas 8 bushels per acre, barley quotas 10 bushels per acre, with many extra quotas for specific types of grain, and this in the first four months of the present crop year. There is still a surplus problem for a small percentage of farmers who have large quantities of grain on their farms, but for the bulk of the farmers there is no particular individual surplus.

But there are difficulties in the export markets for grain, and the great difficulty is that the price has weakened. The price for number 1 northern wheat is now $1.66 per bushel which is 16 cents over the established initial price. The selling price for durum wheat is $1.53 per bushel, just three cents over the initial price. All this

indicates that there will be no final payment or else a very small final payment. There has been an excellent job of selling grain in a very difficult and conservative market, but certainly there will be no large payment and perhaps none at all by way of final payment.

If the Government, as I anticipate it will, does have to pay anything out of the federal treasury into Wheat Board accounts in order to cover the deficit for this year, then the Government will be asking itself whether or not the present initial price for grain should be carried forward into the new year or whether there should be some adjustment, and there will be those who will say, "Lower the initial prices." Some will say that we should lower the initial prices. Before any announcement is made, I would like to state that it would be folly to lower the initial prices from any standpoint. These prices are rock bottom as far as the farmers are concerned. Their total income per bushel of wheat will be considerably less than it was two or three years ago. Their costs go up every year, so it is essential that these initial prices be maintained.

I am appealing to the Leader of the Government in this chamber, the Honourable Paul Martin, that when this matter is being considered, he make such representations regarding the maintenance of initial prices. The farmers are making a tremendous contribution to the balance of payments through the sale of wheat. They have not in any way contributed to inflation in this country. In fact, their entire operation has assisted in controlling inflation. I suggest that this is the very minimum which should be done. I have mentioned other matters which we could deal with.

There is one other item in the general agricultural field which I would mention at this time, and that is the welcome prospect of the establishment of a Roumanian tractor plant in Canada, namely, in the Province of Saskatchewan. The component parts will be imported to Saskatchewan from Roumania and will be assembled and sold within this country. This is a very important development for a number of reasons. It promises to bring industry to a province which is greatly in need of industrial development. It promises competition in the field of farm machinery where there has been little effective competition in the past. The report of the Barber Royal Commission indicates, at page 133, that the prices for larger tractors seem to be unduly high. The report indicates that a company operates on a gross margin of 32 per cent for a 90 horsepower tractor. They use the higher margin on larger tractors to offset smaller profits on smaller tractors. The Roumanian plant will be building tractors up to 100 horsepower. One of our colleagues, the Honourable Sidney Buckwold, played a personal role in the negotiations which led to this prospective plant being established in Saskatchewan. He has played an outstanding role and should be congratulated. The report indicates that this plant may reduce prices up to 40 per cent on some tractors, depending on horsepower.

Apparently the Government of Saskatchewan is prepared to play a considerable part in the establishment of this industry. I feel this is a welcome move. The Premier of Saskatchewan, in announcing the establishment of this plant, was not clear as to the precise role his government would play, but he indicated it would be substantial.

• (1420)

In a news story on the establishment of the tractor plant, the Regina *Leader-Post* of December 17 quotes the Premier of Saskatchewan as saying:

> We don't regard it as the type of industry where the government should necessarily have a majority voice . . . . To achieve its objectives—

The objectives of the tractor plant.

> —it must maintain a measure of control over its project—

In another place he is quoted as saying that the Saskatchewan Government may take an equity position of between 30 to 49 per cent of the shares of the company.

I would suggest that the federal Government should give a good deal of attention to this prospective plant for Saskatchewan. A good deal of attention may already have been given; I do not have any inside information. The Canada Development Corporation has now been established. Perhaps a minority interest in a plant such as this is not the type of involvement that the Canada Development Corporation could undertake as it would not be in the control of a Canadian company. Nevertheless, the Canadian Government has played and is playing an important role in the development of the Arctic through PanArctic Oil, in which it has a 45 per cent equity interest. I think the federal Government should consider participating in a minority way on an equity basis in this plant. I would think that very good results would flow from that participation. It would add to the prestige of the plant and help sell the tractor production in other provinces. Active promotion by the federal Departments of Agriculture and of Industry, Trade and Commerce would go a considerable distance in assisting the plant to enter markets on the North American continent and elsewhere in the world.

The federal Government obviously feels it has a role in and a responsibility for doing something about high agricultural machinery prices. It would seem to me that it should consider, if invited, playing a role in the promotion, operation and eventual success of this important undertaking. The main benefit that can flow from it is a reduction in prices of agricultural tractors. There is some indication that if this company is successful it may enter the field of manufacture of other large farm implements.

I rise in the Senate at this time for two purposes. The first is to point out the excellent record of Canada in the grain markets of the world. The second is to request the Government to consider seriously whether or not it could successfully participate in the establishment of an important new industry in Canada which might well lead to a substantial reduction in the prices of farm implements.

Hon. Mr. Isnor: Would the honourable senator be good enough to tell us the main reason for the large increase in grain sales last year? Was it because of price? Secondly, who determines the price?

Hon. Mr. Argue: Well, Canada certainly had to be competitive. I do not know all the details of this operation, but certainly Canada has had to be competitive in prices at all times. Perhaps in the past we have held our prices a little too long and a little too high, and in so doing have missed

some sales. On this occasion we have been exceedingly aggressive, and at times our prices have come down.

The extra effort of the Canadian Wheat Board in making trips abroad, the effort by the Department of Industry, Trade and Commerce, and the efforts of the Prime Minister and others to maintain and improve our relations with other nations have no doubt contributed to the success of our exports. Part of that success has resulted from co-operation within this country in delivering to market the type of grains required at a given time. Sometimes we have lost sales because we were unable to place a particular grade of a particular grain on the export market at a particular time. Price has also been a factor, and Canada has been very competitive in this regard.

Hon. Allister Grosart: I believe this is the first occasion I have spoken on a matter concerning agriculture. I do so now because of circumstances which honourable senators will, I am sure, understand. Before the session ends we may receive a very important bill relating to Canadian agriculture, and perhaps it will not be taken amiss if at this time I get in a little practice.

I am sure that members of the house were delighted to hear Senator Argue speak on a happy and sweet note in connection with the policy of any government on agriculture, particularly with regard to grain. I thought that high note of sweetness might be maintained, but before he had proceeded very far his speech turned to what I might call a sweet and sour note.

Senator Argue found it necessary to refer to prices. I am in no position to say whether it is better for Canada to sell less wheat at high prices, or more wheat at low prices. That is something entirely beyond my sphere of knowledge on this subject. He made generous reference to those whom he called supersalesmen who over the years had played a part in this regard, and referred to the Honourable Alvin Hamilton and the Honourable Otto Lang. It occurs to me that at a time when we in the Senate need all the aid and comfort we can get, he might have referred also to the greatest supersalesman of all, Senator McNamara, who unfortunately is not present in the chamber at this moment.

I have followed, in a cursory manner, the record of sales to the People's Republic of China, in which I have a long-standing interest, and I have always been amazed by the skill of Senator McNamara, in his capacity as Chief Commissioner of the Canadian Wheat Board, in dealing with what was then usually referred to as mainland China when conditions for selling abroad, particularly to that country, were not the easiest.

I noticed that the Leader of the Government frowned when Senator Argue, in his opening remarks, referred to that country as "Communist" China. Senator Argue's comment was understandable, arising from habit, and no doubt he will be under continual correction by the Leader of the Government as time goes on.

• (1430)

In connection with the Roumanian tractor plant I am not clear, and I do not think Senator Argue made it clear, as to just what the position is in relation to the ownership and capital investment in that plant. To me it has always been an anomaly with respect to foreign ownership that on the one hand we have people decrying the influx of foreign capital into Canada, but whenever a situation arises where capital comes into Canada to build plants—and even, as in this case, where the plant will compete with our own existing industry—we rise up and cheer. I am not taking one side or the other at the moment in this argument, but it is a fact that over and over again the very people who are most concerned about foreign ownership seem to be the first ones to rise up and cheer if foreign ownership provides us with additional industrial or agricultural capacity.

In saying this I do not for a moment want to dampen Senator Argue's enthusiasm. This is the season of good cheer, and I am sure we are all grateful to him for having introduced this cheerful note into an atmosphere which might otherwise be slightly lugubrious.

Hon. Donald Cameron: Honourable senators, it is quite appropriate for Senator Argue to raise this matter at this particular time, coming as he does from Saskatchewan which is an area that has probably been affected more adversely than any other part of Canada as a result of the decline in wheat prices and wheat markets in the last few years. It is one of the best Christmas presents that could come to the farmers in that particular province. Farmers are good spenders, and anything that helps the farmers in this country helps every other element of the economy as well. I join with Senator Argue and Senator Grosart in saying that this is indeed a very good Christmas present.

Senator Argue touched upon a quite serious aspect of the situation, and that is that the farmer is generally at the bottom of the cost-price squeeze. His situation in relation to other elements of the Canadian economy has not improved in terms of his share of the dollar received for his product. While the farming population is continuing to decline it does, nevertheless, represent a segment of the Canadian economy which has a high capital investment, a segment of the Canadian economy which makes high expenditures in proportion to the number of individuals involved. The farmers contribute a major share to the welfare of industry in Canada as well. In my opinion, it is time that more attention was paid to the welfare of the farm economy. The farming population, particularly on the Prairies, has not been getting as fair a deal as it should in terms of the percentage of the dollar it receives for its product.

This is a time of good news. It happens that I had the good fortune in 1966 to take a group of Canadian businessmen to China and at that time—and I think Senator Martin will recognize this—with the co-operation of Mr. Frank Hamilton and Mr. Vic Martens of the Board of Grain Commissioners, we had some little influence in helping to bring about a particularly large sale of wheat.

On this occasion Mr. Chris Vogel of the Canadian Wheat Board and my good friend, Mr. Charles Gibbings have done a magnificent job, as Senator Argue has said. These two men have succeeded in getting a greater share of the total wheat market than anyone else. Much of this has been due to the fact that in the person of Charlie Gibbings particularly, we have a very able, attractive, and effective salesman for Canada. He does a good job wherever he is, and we are fortunate in having a man of his calibre in that position.

On this same note, I received word the day before yesterday that the People's Republic of China has agreed to allow me to take another group of Canadian businessmen to China, leaving on March 31. Possibly we can extend our market to other things besides wheat. You can be assured that we will be in there pitching for all we are worth.

Hon. Mr. Martin: As long as you do not go before royal assent.

Hon. Mr. Cameron: I can assure you that you are safe.

While good news is abroad I should like to refer to one other thing—the announcement which Senator Manning mentioned the other day about the development of the Syncrude oil plant on the tar sands at Fort McMurray. This is a tremendous operation. Senator Manning said it will employ 9,000 men, but it will go beyond that. He was very modest in what he had to say. Mr. Spragins, the head of one of the oil companies associated with this development, said only this afternoon that his company alone would be spending $365 million on that plant, and it is only one of the group. He said that the population of the town of Fort McMurray, which now is about 7,000, will increase to at least 16,000 or 20,000 in the next five years.

This is good news for all of Canada, but I am particularly happy when good news comes for Western Canada because we can stand it. This is good news not only for Western Canada, but for all of Canada.

It is most appropriate that Senator Argue should raise this matter. It could not have come at a better time. I hope my colleagues in the Senate will remember, however, that a great deal of adjustment needs to be made yet in the return that the wheat farmers get for their product in relation to its costs. If we rectify that we will have done something to further the economy of the country, and also the image of the Senate at a time when it has been much maligned.

Hon. Mr. Argue: Honourable senators, perhaps I may be allowed to make a brief response to some of the remarks of Senator Grosart. Certainly I acknowledge with him the great contribution Senator McNamara has made as Chairmam of the Canadian Wheat Board in selling Canadian grain. Over the years in the other place and in the Agriculture Committee, and in the Senate, I have continuously paid appropriate tribute to Senator McNamara for his wonderful work. If I overlooked it today, I apologize, but I think I did include him in a very general way by saying that all sectors of the grain business contributed to this achievement.

Hon. Mr. Langlois: Senator McNamara also played a part this year during the course of his trip to China with the trade mission.

Hon. Mr. Argue: Yes, when he went to the People's Republic of China as part of an official delegation.

My own stand on foreign ownership is that while I am certainly in favour of Canadian ownership, I do not think I have ever said we should exclude foreign ownership. One of the strongest advocates of Canadian ownership, the Honourable Walter Gordon, used to say that if we had a 25 per cent interest in a given industry it was a substantial measure of Canadian ownership, and would probably influence the policies of that industry. The Prime Minister of Canada has said that in promoting Canadian ownership and considering foreign ownership there would be a different emphasis on particular investments from a particular country at a particular time. In other words, if investment in some industry is made by countries other than the United States, that might be preferable to larger and larger investments being made by that single country.

• (1440)

As to the competition of this tractor plant with Canadian industry, I suggest it would compete only in a very minor way. I do not believe Canada has a large tractor industry. In Winnipeg, it is true, there is a versatile manufacturing company which puts out an excellent tractor, but it is of extremely high horsepower. The Roumanian plant, as far as I know, would not be competing with any tractor industry in our country.

Honourable senators, I certainly welcome Senator Grosart's contribution to this debate. He has a wide knowledge of economic affairs in Canada. I do not know whether he would have to make two or three speeches to become an expert, but I am sure that in a very brief time, if he is not already one, he would become an expert in this field and would make a more valuable contribution.

Hon. Gildas L. Molgat: Honourable senators, at the risk of appearing to join the mutual admiration society, I would like to associate myself with the comments made this afternoon regarding the wheat sales, with the compliments to the minister responsible, the Honourable Otto Lang, and also with the comments made in the other place about our colleague the honourable Senator William McNamara.

I must confess that I was somewhat disappointed at the publicity the wheat sale obtained here in the eastern provinces. This was the largest single wheat sale ever with China. In western terms, it is an extremely important sale, but from an overall Canadian standpoint we must recognize that this is a major step forward once again. Not only does it make a great difference to the prairie farmers in respect to cash income, but it is also for the port of Vancouver, the railway companies, the whole of the western economy, a tremendous injection of cash.

The effect of this on Canada's balance of trade is one that must be recognized.

At times in the west we have the feeling that the contribution of western agriculture to the whole Canadian trade pattern is not sufficiently appreciated. As I have said, I really felt that the press in eastern Canada did not understand the importance of this sale and the impact that it will have on the whole of the Canadian economy.

In this regard we have to look at what Canada has been doing on the overall scene to achieve this. I recognize that some people have been critical of the approach of the Canadian Government in the foreign affairs field with regard to Russia, and some have been critical of the recognition of the People's Republic of China. I hope that none of this would ever be considered to be anti-American, anti-British, anti-Common Market or anti-anyone, but simply sound common sense from a Canadian and, in fact, from a world standpoint.

We are now seeing the benefits of the Canadian attitude. We are seeing the results of the sensible long-term Canadi-

an foreign affairs approach, of the sensible world approach. We have to compliment all those who have participated in this development. At times, it required a great deal of courage to stand up for what in some quarters would be considered a radical attitude, but I repeat that this is a sensible attitude from the Canadian standpoint and from the world standpoint. I am proud that the Canadian Government has taken this approach. I am pleased that this approach is now showing concrete results within Canada.

Honourable senators, we must recognize that the Canadian Wheat Board and the Board of Grain Commissioners also deserve great commendation in this regard. In the past there has been criticism that the Wheat Board, the Board of Grain Commissioners and our trade services have not been sufficiently aggressive in agricultural sales. When we look back over the years, we see that, there again, the pattern has been one of sound development, going back to the first wheat sale to China. Our colleague Senator McNamara was immediately involved in that; he was the man who went to China for that first wheat sale.

Beginning with that sale, and then the subsequent changes in the grading system for Canadian wheat, the establishment of protein grading, we became more aggressive. All this is now being reflected in a far larger movement of Canadian grain than ever before. In fact, the movement of Canadian grains this past season has been such that our transportation system simply could not handle any more.

There are other honourable senators present who can speak with more knowledge of this than I—notably, the honourable Senator Paterson, who over the years has been intimately involved in this question of the movement of grains. The Canadian Government will have to consider what might be done in the future to ensure that this movement continues.

This fall—again with no complaints from our side, because we were selling all we could—the Americans were able to enter into a major corn contract for the sale of corn to Russia. One of the reasons was that at that stage we were unable to supply feed grain. Our transportation system and elevator system were working to capacity. At that time we thought we would have to consider improvements in that area, which might include more terminals, to facilitate shipping. Again, it might involve changes in the internal transportation system. We had a discussion the other day about the unit train moving prairie grain to seaboard.

A very close look must be taken at this whole field. It would appear that the demand for grains, and particularly feed grains, will continue at a fairly high level. Very recently—in fact, in the last week of November and the first week of December—a group of Canadian parliamentarians spent one week in Washington dealing purely with agricultural matters. I was pleased to be able to represent the Senate, along with four members of the House of Commons and one member of the Saskatchewan Legislature. We went to Washington under the auspices of the Parliamentary Centre for Foreign Affairs and Foreign Trade. Our time was spent in the United States Department of Agriculture dealing directly with those involved in all the areas we wanted to discuss. We were impressed by the aggressive attitude of the United States Department of Agriculture in its sales approach. We were pleased to learn from them that there were many things in our system that they admired. They frankly admired our Wheat Board system of handling grains. They admired the programs that the Canadian Department of Agriculture had put through some two years ago to deal with our then surplus of wheat—that is, the LIFT program—and the subsequent program of the Board of Grain Commissioners for going on to protein standards.

• (1450)

From our point of view, we were impressed by the emphasis that the United States Department of Agriculture places on feed grains. They emphasize one area, in particular, that to many Canadians is not of as great importance as it might be, and that is their soybean crop. Soybean meal for feed purposes has become a major export item for the United States. They told us that they were watching Canadian oil production. The comparable crop for us is rapeseed, which, in the final analysis, will be the crop to compete with the soybean.

Up to this time we have not been able to produce out of our rapeseed a meal that can be used for feed. At the moment, from a Canadian standpoint, rapeseed is basically an oil product, not a meal product. It would appear, however, from what we learned in the United States, that technical changes can be effected to make the rapeseed meal useable for feed purposes, so that Canada will, in that instance too, be able to take a major step forward in producing export products.

The demand for feed is increasing throughout the world. As the so-called underdeveloped countries move from a vegetable diet to a meat diet, the demand for Canadian feed grains increases. Hopefully, as I have mentioned, once the technical details have been overcome for the production of rapeseed meal, Canadian agriculture will take a great step forward.

This brings me back to the point I made earlier, that we must have either a truly efficient transportation system or a sufficient storage system in order to handle the grain. Because our production is basically centred in the Prairies, we must have either the means of rapid movement of grain to the seaboard, in order not to miss out on potential sales, or we must have an adequate seaboard storage system to permit us to hold grain for sale on demand.

I think we can look with optimism at the Canadian grain situation today, and that is a far cry from the situation two years ago, when we did not know what to do with our surplus. I recognize the risk in making such a statement, because I know that in the past our farmers have been told, "You grow it, and we will sell it", and they have grown wheat which has not been sold. It did not always work out in the past, but I think the picture has changed; the more aggressive attitude we have taken on sales and the improvements we have put through have given us good cause for optimism. Nevertheless, this must be backed up with appropriate programs to ensure that we are able to deliver, because there is no possibility of building up a permanent foreign market unless we can guarantee delivery of the kinds of grain our foreign purchasers want, when they want them.

I believe there is a challenge here both to the Canadian agricultural industry and the Canadian Government to ensure that we do not miss out on a wonderful opportunity.

Hon. Mrs. Inman: May I ask Senator Molgat a question? To what extent is rapeseed oil used for cooking? I understand it is used by Canada Packers to some extent, but I also understand that it could be used in greater quantities. What move has been made to put rapeseed oil on the market for cooking purposes?

Hon. Mr. Molgat: I must confess, Senator Inman, that I am not an expert in food oils, but my understanding is that rapeseed oil is now completely competitive with all other edible oils. At one time there was a problem in using rapeseed oil because of the presence of erucic acid, but I understand that has now largely been eliminated by the development of new varieties of rapeseed. I believe rapeseed is now completely competitive in the edible oils field.

Hon. Norman McL. Paterson: Honourable senators, a little light has been thrown on foreign trade, and I should like to point out something rather new, which would be of interest to Senator Grosart and other honourable senators.

You have all heard it said, again and again, that the United States has $53 billion in paper money in Europe and Asia, but only $10 billion in gold to repatriate it. So it has been said time and again that the United States is bankrupt. Well, it may be bankrupt up to a point, that of repatriating that money. Up to now there have been only two ways to repatriate it—either with gold or with trade. Another way has cropped up, and it has become apparent that while some European countries were satisfied with the monetary situation and were willing to bide their time with respect to the value of the American dollar, nevertheless, some of them are weakening slightly and are beginning to buy American securities. It will not be long before they will want to buy more Canadian securities, if they have not already done so. To what extent that will happen, I do not know; but the point I wish to make is that the United States must sell its wheat—it must sell its wheat, its corn, its soybeans and everything else. It is not a question of whether they can sell it; they must sell it. They must sell every kind of export product they can find a market for, otherwise they will be ruined. They have to find ways and means to repatriate that money. It is a serious situation because, as you all recognize, if they cannot repatriate that money it will start going down, and we would not be in a very comfortable position here if the American dollar were to go down to 50 cents. We do not want to see that happen. So they have to correct their balance of trade. If you watch the statistics they will tell the tale, that if the Americans cannot correct that adverse balance of trade, then their dollar will not maintain its value.

• (1500)

Hon. Herbert O. Sparrow: Honourable senators, I should like to add a few words to this discussion. At the outset, I also would like to commend the Wheat Board for its outstanding sale of some 117 million bushels of wheat to the People's Republic of China, and, in congratulating the Wheat Board, also to congratulate the minister responsible for the Wheat Board, the Honourable Otto Lang. We must also commend the Government of the day for its policy affecting trade generally and trade as far as western grain producers are concerned. We can have an aggressive Wheat Board selling policy and we can have an aggressive minister, as we have; but unless our nation, through its other governmental departments, has aggressive trade policies and international relations that lend themselves to co-operation with other nations, such sales will not be possible.

Honourable senators, I should also like to stress at this time that as welcome as the sale of 117 million bushels is, and as great as the sales may be this crop year and next, it does not mean that the problems of agriculture affecting grains has been solved. I would not like members of this chamber, members of the Government or members of the public outside of western Canada, to feel that the problem is solved as far as the grain industry in the west is concerned. We do want and we do need sales, and a great number of them, for our grain producers. But these sales are of much less value—and, in fact, may get to the point, if they have not done so already, of being harmful rather than helpful—if the price is not sufficient to return to the farmer his cost of production and a reasonable return on his time and invested dollar. We are dealing with a situation today where there is, in fact, no world agreement on the price of wheat, and I think the figure Senator Argue used for sales at the moment was somewhere in the region of $1.60 per bushel. The International Wheat Agreement we were operating under previously was set at $1.95½ cents per bushel, and if the price was even close to a realistic figure it would certainly be $1.95½ cents rather than $1.60 which we are now realizing for that grain.

Honourable senators, I would encourage this chamber, and through it the Government of Canada, to continue to work, as I know they are working, on the international scene to see that we do have a world price agreement established that will give our farmers a fair return on their time, work and investment.

Some time ago the Government of Canada established what can be referred to as a two-price system for wheat, and at that time the regulation was such that the Wheat Board must sell to Canadian mills, regardless of the world market price, at a price of $$1.95½ cents per bushel. This would add, I would estimate, to the Wheat Board pool upwards of $12 million to $20 million per year. If we are going to welcome sales, which we are, we must see that the farmer gets a fair return for his production. There are two ways of doing this: the first is to endeavour to get a fair price on the world market; and the second is to have the consumers in our own country pay a fair and reasonable price for farm products. In the discussion today I shall refer directly to wheat and wheat products for use in bread.

There have been many resolutions forwarded to the Government by farm organizations and political parties asking for a two-price system for wheat that would see to it that the mills in Canada paid at least somewhat upward of $3 per bushel for home consumption rather than $1.95½ cents.

Assuming we use for consumption in Canada somewhere around 60 million bushels per year—and I understand that in the last year or two the figure was somewhat

less than that—then, at a $3-per-bushel figure it would give the wheat producers, through the Wheat Board, an additional $60 million. This is not a great deal of money and it will not solve the price problem of the farmers, but at least it is $60 million more than the farmers are receiving today.

The minister in charge of the Wheat Board stated, according to the press report, that the sale to China would give to the western farmers $100 million. My figures show that it should be at least $150 million. If Senator Argue wishes to make a statement now, I would ask for his comment on that.

Hon. Mr. Argue: My understanding is that the amount that should be received is $100 million in this crop year, and I think part of that grain will be sold in the next crop year, the calendar year 1971-72. I think that some balance of that crop agreement will be sold during the next crop year, the calendar year 1972. As Senator Sparrow indicated, the total amount of money will be $160 million or more, of which $100 million will come into the current wheat year which ends July 31 next.

• (1510)

Hon. Mr. Sparrow: Thank you, Senator Argue.

In all fairness to the Prairie wheat producers, I believe the Canadian consumer should pay a greater share of the farmers' operating costs than he is presently paying. Although on many occasions the Canadian farmer asks for and receives subsidies from the Government in large amounts, I believe the consumer could pay more directly for the product he buys, I refer to the two-price system for wheat which raises the per bushel price to at least $3. This would bring $60 million more to the Prairie producer and, in turn, only raise the price of bread approximately two cents per loaf. I do not feel this is an unreasonable amount to ask the consumer to pay.

Having made that statement, I will back it up with some figures. I am referring to the cost of bread per loaf. I have obtained figures illustrating the working time required to purchase one loaf of bread in Canada and in other countries. It costs the Canadian four minutes of work while in the United States it costs the consumer six minutes of work. In France a loaf of bread costs 11 minutes of work, in Japan 27 minutes. The price varies from the product of four minutes' work in Canada to that of 27 minutes' work in Japan. This indicates that the Canadian consumer is able to obtain a cheaper product than consumers in other countries. Perhaps this is unfair to the agricultural producer.

Between the years 1961 and 1969 the farm output in Canada increased by 31 per cent. The per person increase for an agricultural workman rose by 67 per cent. The man-hour output in agriculture rose by 76.5 per cent. Let us compare these figures with those for commercial industry in Canada. The output of Canadian industry rose by only 21.4 per cent in the same period of time—that is, a 21.4 per cent increase as compared with a 31 per cent increase in the agricultural industry. The number of man-hours in commercial industries rose by only 27.5 per cent while the comparable increase in farming was 76.5 per cent.

It seems very unfair to me while the agricultural industry is so efficient and has had such an increase in output and man-hours, and yet the farmers end up with less net income than they enjoyed previously.

The Government, through the minister in charge of the Wheat Board and the Minister of Agriculture, proposed an income stabilization plan for the western producer. That plan has not been put into effect. It was either withdrawn or not proceeded with due to pressure from some farm organizations and from Opposition parties. The result is that has been delayed and I hope it is only a delay—a delay that has cost the western producer some $60 million.

Senator Argue has asked the Leader of the Government in this house to carry a message to his colleagues in the cabinet. I request the leader to take a further message to the cabinet to the effect that western agriculture needs a stabilization plan for income. I hope, if it is not possible to bring this matter before the other place during this session, that it will receive top priority in the next session of Parliament.

Western Canada agriculture requires a stabilization plan for income. Although the stabilization plan which was previously proposed did not meet all the criteria, and has not have solved all the problems, I am sure that many—and perhaps the majority—individual farmers in the western provinces felt it was a good basic plan that should be on the statute books. From such a plan would flow additional plans and additional funds which would benefit western agriculture.

Once again, I request the Government to bring in that plan, even without any changes. If there should happen to be changes for the better, I am sure they will be well received. I feel, as many of the western farmers feel, that it was a good basic plan which could be built upon to the advantage of western agriculture. As I have mentioned, some farm organizations took exception to it; some discounted it entirely, while others agreed with it in principle but opposed the bill itself. These organizations were not considering the welfare of the western producers, but were looking inward at their own political structure, hoping to improve their image with their membership, and the additional membership they hope to obtain, to the detriment of the farmer himself.

• (1520)

In my opinion it is time that the farm organizations and the farmers of the west organize on a better structure—perhaps on a one-farm basis—that would represent not only the farmers but also the agro-business. There could then be for Parliament one strong voice from the west.

I have great sympathy with the Minister of Agriculture and the minister responsible for the Wheat Board. They receive so many differing opinions regarding farm programs that I am surprised the agricultural industry in the west has made as much progress as it has in the last year or two.

Certainly, prices for farm products must be increased. Apart from that, however, the agricultural policies of the federal Government have solved many problems for western agriculture. They have, at least, laid the foundation for the solution to many of the problems. One, of course,

was the stabilization bill which the Government attempted to bring in and which I hope will be brought back. In the last two years the transportation organization for the movement of grain has been made more efficient. Increased marketing aggressiveness is reflected in greatly improved sales. Our storage and handling facilities are much more efficient than they were even three years ago.

Protein grading will be a boon to our farmers because of the openings in the international market it will produce. The proposal of the Minister of Agriculture for a farm adjustment program, making it possible for farmers to retire in a dignified manner and for young farmers to begin farming, is a worth while one. I hope to see in this session of Parliament national marketing legislation passed in both houses.

I wish to comment on Senator Argue's statement with respect to the possible Roumanian tractor plant in the Province of Saskatchewan. Perhaps he will answer when I am finished, but I understood that it was to be only an assembly plant.

Hon. Mr. Argue: That is right.

Hon. Mr. Sparrow: It is not a manufacturing plant?

Hon. Mr. Argue: No, it is to be only for assembly.

Hon. Mr. Sparrow: In any event, I shall certainly welcome the plant into the Province of Saskatchewan, as I would welcome any industry from anywhere in the world, be it American or otherwise.

Hon. Paul Martin: Honourable senators, I rise briefly to comment on one or two matters which have been directed to me as a member of the Government.

First of all, I say to Senator Grosart that whatever may have been the discomfort that attended his observations with respect to this item, he need not apologize. I would inform him that I would sooner hear him speak of agriculture than on some of the items to which I heard him address himself in recent days.

In my opinion, it is appropriate that we should almost terminate our discussions in this session with a consideration of Senator Welch's inquiry with respect to federal agricultural policy. We are all indebted to Senator Argue for his contribution today, which was a continuation of the observations he made earlier on the same subject, though in a different vein.

The vagaries of human affairs are pretty well demonstrated by Senator Molgat's reminder that not many months ago we were all concerned with the formidable wheat surplus that reposed on our prairie lands. Today we have seen such a diminution in that surplus, in such a relatively short time, as to arouse our hopes and justify our optimism. The reason for this has been stated by several honourable senators. Senator Argue referred, quite appropriately, to the work of a former Minister of Agriculture, the Honourable Mr. Hamilton and, if I may say so, particularly to the work of my colleague, the Honourable Mr. Lang and the ever-present work of the Wheat Board itself.

It must not be forgotten that the Wheat Board is the main wheat salesman of the Government and its work under Senator McNamara and his successor deservedly has won the commendation of senators.

As Senator Argue mentioned, recently when the Minister of Industry, Trade and Commerce made the first official visit by a minister of the Government to the People's Republic of China, Mr. McNamara was a member of the delegation. He was perhaps more familiar with our commercial relationships, particularly in connection with wheat sales, than any other member of the delegation.

Senator Cameron, quite appropriately, mentioned his several visits as head of private delegations of businessmen. He told us that he has recently received word that a further visit by him and a group of Canadian businessmen has been agreed to. All of those contacts have paid off and are part of a never-ending process by government departments concerned to bring about increased volume of sales on behalf of our country, which depends to such a large extent on its exports.

• (1530)

Senator Argue referred to plans for the establishment in Saskatchewan of a Roumanian tractor plant. I am not familiar with this particular project, although perhaps I should be, but I will make myself familiar with it and will bring it to the attention of my colleagues, as well as the observations made by Senator Argue.

It must be remembered that trade is a two-way street. We cannot hope to just sell our wheat. We have also to be prepared to import either goods or services and, depending upon the arrangements made concerning this plant, it could be regarded as an import of services. Canada has a trade agreement with Roumania, and although our volume of trade is not great, we have a balance in our favour. We must give consideration to ways and means of narrowing the gap and to making the arrangements more worth while for that country, just as we have done in respect of China and the Soviet Union, both of which countries are heavy buyers of our wheat.

We cannot go on indefinitely selling but not buying, whether it be goods or services. We were forcefully reminded of this fact during the visit to Ottawa of Mr. Kosygin. He pointed out that we have a trade treaty with his country which has twice been renewed, that we were the beneficiary by far on the positive side of the balance sheet, and that we should give consideration to better equalizing the arrangement. Both federal and provincial governments have been concerned about this problem, because the Soviet Union is an important potential and actual market for Canadian wheat.

The same is true of China. The recent purchase of wheat by China, which as Senator Argue mentioned is a very large one, represents part of a commercial treaty which demands an effort on our part to balance the arrangement. That we will endeavour to do, taking into account our other interests.

Let no one underestimate the importance of these two large markets, the Soviet Union and China. When Mr. Kosygin was in Ottawa he told us, without equivocation, that if the price were right Canada would be given first consideration as a vendor of wheat. This places Canada in a very important and preferred position of which we must take advantage. However, that advantage must be taken in a responsible manner by the recognition by Canada of the two-way character of trade itself.

Senator Sparrow, in asking me to carry a message to the cabinet, pointed to the improvement in arrangements during the past year or so. He mentioned improvement in the marketing organization, in transportation, and in storage arrangements. These and other improvements have been effected by the Honourable Mr. Lang who comes from Saskatchewan and who, on that account, might be expected to have a special appreciation of the problem.

Senator Argue urged us not only to sell more wheat but to bring about, through our policies, an improvement in the revenue position of wheat farmers. I can assure the honourable senator that this matter is the subject of concern not only to the federal Government but to provincial governments. The welfare of our economy is dependent on each section of the country. The prosperity of western farmers is reflected in all other sections of the community.

Senator Sparrow suggested that the matter of stabilization of farm income should be given top priority during the next session of Parliament. I assure him that I will convey his message to the Government as well as to the ministers concerned. Senator Sparrow also mentioned the Farm Products Marketing Agencies bill, which is not yet before us. We do not know when we shall be called upon to deal with this measure, but we know that it is of interest to all ten provinces. I can assure Senator Sparrow that when the other house has dealt with the bill, which is likely to be debated between Christmas and the New Year, there will be no delay on the part of the Senate in giving the measure full consideration.

We are all grateful to Senator Argue for raising this matter. I assure him that his interest is shared by the Government.

Hon. Mr. Grosart: Honourable senators, it has often been said that one of the great advantages of prolonged discussions is that if one listens carefully one will come to understand the subject matter much better at the end than at the beginning. A number of senators have echoed Senator Argue's praise for the Government's activity. However, I am particularly grateful to Senator Molgat, Senator Sparrow and others for making it clear that obviously there is a great deal of room for improvement in Government policy as it affects western agriculture, so that whatever Christmas toasts may ring around the homes of western farmers, one of them will not be to $1.60 wheat.

Hon. Mr. Molgat: Honourable senators, in the light of what has been said, may I be permitted to make a further brief comment. When speaking previously, I concentrated largely on the movement of our agricultural products from the Prairies, because I consider this to be a serious long range problem. We have had a problem in the past, we have it presently, and, in my opinion, it is going to be with us for a while yet, unless prices change drastically. We are facing the problem of the cost-price squeeze. This is a problem that can be understood only by visiting a farmer, and ascertaining the prices he is getting today for his products and the prices he is paying for the products he has to buy.

• (1540)

It is expected in any industry today that every year there is going to be a wage increase of 5, 6, or 7 per cent, and our whole economy seems to be geared to that annual wage increase. However, farmers' prices are not geared to such an annual increase. The Western Canada farmer today is not getting any more for his grain. In fact, he is getting less—

[Hon. Mr. Martin.]

Hon. Mr. Grosart: He is getting much less.

Hon. Mr. Molgat: He is getting less today than he was 15 years ago. There is no comparison between the cost of the products he buys, and the prices he receives for his products. This problem is a continuing one, and one that we shall have to face if our agricultural industry is to survive as a prosperous industry and not as a poverty industry.

The Hon. the Speaker: This inquiry is now considered as having been debated.

BUSINESS OF THE SENATE

Hon. Leopold Langlois: Honourable senators, as we have now exhausted our business for today I think an explanation is due with respect to what is expected of us for the remainder of the day. I need not remind the house that it is quite difficult to get definite and reliable information from the other place as to what progress is expected there. I have done my best, but so far I am not in a position to inform the Senate as to what we may expect. It seems definite that only one additional piece of legislation is likely to reach us before the Christmas recess, Bill C-275, to amend the statute law relating to income tax. This bill has now reached the second reading stage in the other place, and it is expected that it will reach us before 9 o'clock this evening.

As I understand it, the legislation dealing with the farm products marketing agencies will not be coming over to us before the Christmas recess. It is possible that the other place will be recalled next week and/or in the first week of the new year to deal with that legislation, in which event it is highly possible that the Senate will also be recalled.

Hon. Mr. Martin: It is also conceivable that we will be recalled next week.

Hon. Mr. Langlois: It is expected that when the Senate adjourns today it will stand adjourned until a date well into the new year which could take us into the first part of February, subject to recall either next week or the following week.

Having this in mind, and while I am somewhat reluctant to ask the Senate to adjourn to a time which is not too precise, I move that the Senate do now adjourn to reassemble at the call of the bell between now and 9 o'clock this evening.

Hon. Mr. Grosart: Before the question is put, may I ask the honourable Senator Langlois or the Leader of the Government if, in the event the first bill referred to is disposed of by the Senate tonight, will His Excellency or His Deputy favour us with a visit to give royal assent?

Hon. Mr. Langlois: As soon as this legislation is disposed of by this chamber we will have royal assent; it will be later this evening.

Hon. Mr. Martin: In that event, I am advised that Senator Grosart will be expected to be in His Honour's chamber with His Excellency the Deputy Governor General.

The Senate adjourned during pleasure.

At 6.40 p.m. the sitting was resumed.

INCOME TAX LAW AMENDMENT ACT, 1971

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-275, to amend the statute law relating to income tax.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: Honourable senators, I move that the bill be read the second time now.

Hon. Leopold Langlois: Honourable senators, the purpose of this bill is to implement the following measures announced by the Minister of Finance in his statement to the other place on October 14, 1971: First, a 7 per cent reduction in corporate income tax; secondly, a 3 per cent reduction in individual income tax; and, lastly, the training-on-the-job program.

The 7 per cent corporate tax reduction and the 3 per cent individual tax reduction will be effective for the 18 months from July 1, 1971, to December 31, 1972.

The training-on-the-job program applies to salaries and wages incurred on or after November 1, 1971.

The 7 per cent corporate tax reduction has been designed to give Canadian firms greater flexibility in responding to the special difficulties that have confronted them in recent months, and to give them confidence to create a sustained growth in job opportunities. It should also aid our corporations in remaining competitive in both domestic and international markets.

The 3 per cent individual tax reduction will also provide an important stimulus to the private sector by sustaining and encouraging increased demand for goods and services.

The training-on-the-job program will provide an opportunity for many of our unemployed to acquire more solid skills, which will enable them to take advantage of new employment opportunities. It should also be of great assistance to employers in preparing for future economic expansion.

By way of additional comment I would like to add that the information which has come to hand since the statement of the Minister of Finance in the House of Commons on October 14 confirms the growing strength of the Canadian economy. For four consecutive quarters the real value of the goods and services produced by Canadians has increased at an annual rate of at least 6 per cent. This is a rate substantially in excess of our longer-term trends. The tax reductions proposed in this bill will make an important contribution to this forward thrust of the economy. Their announcement has no doubt already begun to affect the economy. Their enactment will ensure that their full effect will be realized in due course. This full effect will show up in higher demand, higher investment, and higher employment.

The portion of the costs of the tax reductions covered in this bill are lower than those quoted in the statement of October 14, 1971 since this bill, as honourable senators will realize, implements the 7 per cent corporate reduction and the 3 per cent individual reduction for 1971 only. The tax reductions for 1972 will be incorporated in a later bill.

Hon. Allister Grosart: Honourable senators. I am quite sure that no one expects a long speech from me at this particular time.

Hon. Mr. Martin: It will be a good speech, in any event.

Hon. Mr. Grosart: Thank you very much. Since moving from the Government side to this side, one of the things that has become obvious to me is that it takes only a very short speech to commend a Government bill, but it takes a rather long speech to point out the many usual deficiencies.

Hon. Mr. Connolly (Ottawa West): And your speech is short because you cannot find any.

Hon. Mr. Grosart: This occasion gives me the opportunity to take the short speech route.

Hon. Mr. Langlois: What is your perspective?

Hon. Mr. Grosart: I join with the sponsor of the bill in welcoming the news that the economy is moving upwards. The figures he gave with relation to the last four quarters indicates that perhaps the times are not as bad as they might have been, and that possibly some of the policies the Government has now belatedly accepted may be doing more good than harm. I say that because there is reasonably strong evidence that, in dealing with the problems of unemployment and inflation, and the complexity of the different ways in which the two seem to affect the economy, the Government has not, over a long period of time, been altogether successful.

Therefore, I welcome this bill because it gives clear indication that at long last the Government has listened to what economists, the public, and a distinguished political party were saying—that probably the best palliative to the problems facing the economy would be tax reductions. I am quite sure that the sponsor of the bill would be the first to agree that the substantial improvement in the economy to date does not reflect too much this particular bill but, like other honourable senators, I trust that it will.

There has been considerable criticism of the bill, on the score that the reduction of individual personal income tax is 3 per cent, while the corporation tax reduction is 7 per cent. That is the position taken by some. I must say that personally I am not convinced that that is a valid argument. In fact, I have been surprised to find those who argue this position most vehemently have also complained that the relief for individual taxpayers is not very great. For example, the figures I have indicate that the taxpayer with two dependents, having a taxable income of, say, $6,000 would be relieved to the extent of no more than

$4.53 in a year. Even a taxpayer with a taxable income of $9,000 would be relieved only to the extent of $20 in taxes in a whole year.

That, of course, is not the whole story, and I admit that at once. The cumulative effect of this reduction in personal income taxes is intended to spur consumer spending. And if anything is clear it is that consumer spending is normally the first spur that is given a recovering economy, and I trust that this will be the effect of this bill.

• (1850)

It is also clear that the reduction of corporate income taxes should have a similar effect. I have long believed from studies of the tax policies of other countries such as Sweden, Switzerland, and Japan that the key to a really viable economy in these modern times is a tax system which permits a substantial portion of corporation profits after taxes to be ploughed back into the economy to provide for an increase in productive capacity and market penetration. I trust that this will be the effect of this bill.

I shall not quarrel here with the fact that its duration appears to be limited. It applies only to the 1971 taxation year, which of course is drawing very close to its end, but I understood the sponsor to say that in effect these tax reductions will be carried on under the income tax reform bill. If that were not the case, I would say then we were deceived here respecting Bill C-259 and its aim at tax reform. If we are going to be in the position that the tax reductions we are to vote from now on are to run out as of the end of the 1971 tax year, which will be the end of April, we will have to find another name for that tax reform bill.

Honourable senators, the bill is again one of these omnibus bills—in fact you might call it a mini-omnibus bill—in that, thrown in with the personal and corporation tax reductions, we find some provisions relating to the manpower program. It can be argued that certain subsidies to on-the-job training and the two methods indicated in the bill are, in effect, deductions from corporate taxes. It does point up, however, the fact that our whole legislative program as it comes to us now in Parliament is a mess. There is no way of knowing what is included in any bill. Many have objected to this omnibus type of legislation. The excuse is given that there are great problems in moving legislation through the House of Commons. I wish the Leader of the Government would use his influence, I know it is great influence, to make sure that in future we do not encounter these omnibus bills.

I am surprised that the legal profession has not complained more than it has. In connection with this particular bill, for example, there is manpower legislation. I would have some sympathy for any lawyer whose client asked him about his eligibility for subsidized training under the manpower legislation. He might refer carefully to the act, reply in the negative and find out later that in this type of bill there are major changes in the whole manpower training program. I hope that the Leader of the Government, who is an eminent lawyer, will carry that complaint to the cabinet and ask it to relieve us of the impossible responsibility of facing these omnibus bills.

Honourable senators, I said I would make a short speech and that I was therefore under the constraint of commending the Government for the bill more than objecting to its deficiencies. With that qualification I can say that on this side we are prepared to expedite the passage of the bill.

Hon. Mr. Langlois: Honourable senators, in opening his remarks, the Acting Leader of the Opposition—

Hon. Mr. Grosart: Temporary.

Hon. Mr. Langlois: —mentioned that this bill, although—

The Hon. the Speaker: Does the honourable Senator Langlois understand that if he speaks now—

Hon. Mr. Langlois: It is not my intention at all to close the debate.

The Hon. the Speaker: I might say that if there are any other honourable senators who wish to take part in this debate, if the honourable Senator Langlois speaks now, his speech will have the effect of closing the debate.

Hon. Mr. Phillips: Honourable senators, I rise not so much to make a speech, as to ask a question concerning the success, or lack of success, of the on-the-job training program. I would appreciate it if the honourable sponsor of the bill could advise us how many individuals have been engaged, or are undergoing on-the-job training, the method of determining who is eligible for re-training, and how the rate of pay is determined?

I ask those questions because, unfortunately, I have attempted to refer a number of these problems to the department but to date have not received a reply from any of the correspondence.

• (1900)

Hon. Mr. Langlois: Honourable senators, the Acting Leader of the Opposition, in his opening remarks, commented that the legislation was rather belated. In reply, I might suggest that his own appreciation of it might be termed belated. After hearing what I have to say, the honourable senator might agree that the bill is at least timely.

I should like to remind the house of the comment made a few days ago by Senator Lawson, who, when speaking on the taxation legislation, said that autonomy is like virginity, that nothing very significant happens until after it is lost.

One could argue at length that measures remedying shortcomings in the economy could be belated, that measures to correct shortcomings were also timely.

The October mini budget was a timely measure, and its effects are now being felt because, as everyone knows, the economy is on the upswing.

Regarding the possibility of extending the effects of the present legislation, I need not remind my honourable friend that this is a matter of government policy. The mini budget was designed to take effect over a period of 18 months commencing July 1, 1971 and ending December 31, 1972. With the present legislation we are dealing with the first six-month period, from July 1 to December 31, 1972.

There cannot be already legislation amending Bill C-259 dealing specifically with these income tax reductions before royal assent, which will be given later this day. The present bill covers only the period from July 1, 1971, to

December 31, 1971. A later bill will cover the remainder of the 18-month period.

With regard to the matter of extending the legislation, the policy of the Government will be announced in due course. It is very unlikely that there will be such an extension in view of the improvement in economic conditions since the October mini budget was announced. I should now like to reply to the comment made on section 5 of the bill dealing with a tax reduction regarding expenses of an employer in connection with the training-on-the-job program.

Hon. Mr. Grosart: Sections 5 and 6.

Hon. Mr. Langlois: This is merely a tax reduction. This bill simply makes it possible for an employer who incurs expenses as a result of on-the-job training programs which have been approved by the Department of Manpower to deduct those expenses from his income. The employer is left with a choice; either he can apply for a subsidy from the Department of Manpower with respect to expenses incurred for on-the-job training programs, or he can claim such expenses as a tax deduction.

For those reasons I see nothing unusual in finding this type of provision in a tax bill.

Next, I come to the question raised by my honourable friend, Senator Phillips. Senator Phillips inquired as to the number of jobs which are available under these training programs and the rate of pay enforced as far as the Department of Manpower is concerned regarding these jobs. In this respect, I am afraid I will not be able to satisfy my honourable friend, because those matters are outside the scope of the Department of Finance. This program comes under the direction of the Department of Manpower. I can tell my honourable friend that these programs provide for a salary for trainees, as prescribed by that department. No tax incentive is provided unless the program is approved by the Department of Manpower.

That is about as far as I can go at this stage, but I would be pleased to provide this information to my honourable friend if he wishes to put the question again at some later time.

I believe that covers the points raised by my honourable friends opposite.

Hon. Rheal Belisle: I rise to compliment the Deputy Leader of the Government, and to say that he should not go into too much detail in trying to answer the bona fide question asked by Senator Phillips. After all, the Opposition is minimal—

Hon. Mr. Grosart: But very good.

Hon. Mr. Belisle: —and the Opposition is in the Christmas spirit, even though we have not been granted the courtesy of being provided with a copy of this bill.

Hon. Mr. Martin: If you look in your file, you will find that you do have a copy.

Hon. Mr. Belisle: We have not been provided with copies.

Hon. Mr. Martin: Well, if you look in your file you will find one.

Hon. Mr. Belisle: We do not have a copy.

Hon. Mr. Martin: Of course you have a copy.

Hon. Mr. Belisle: The bill was approved only a while ago in the other place, and we have not received a copy of the bill. I feel the Leader of the Government or the Deputy Leader of the Government should be tolerant—

Hon. Mr. Langlois: I do not understand why my honourable friend is asking me to be tolerant. I was simply trying to answer questions put to me by my honourable friends on the other side, and I was trying to give the best answers that I could at this stage.

As far as this bill is concerned, we are dealing with a bill which was filed and distributed following first reading in the other place on December 20. This is not a bill that has just been printed today. It was printed on December 20 and distributed at that time, and every senator should have a copy. If my friend would care to look in his file I am sure he will find it.

Hon. Mr. Grosart: On the point raised, in terms of the rules of the house, Senator Belisle has a good point. He has quite properly brought to the attention of the chamber that the bill before us is as it was on first reading in the other place on December 20.

• (1910)

Hon. Mr. Langlois: There has been no change to it.

Hon. Mr. Martin: There has been no change.

Hon. Mr. Grosart: Just a moment. We have every right here to insist, if we wish to, that before we discuss a bill we have it clearly marked as passed on third reading by the other place. I say that only because of the reaction of honourable senators opposite to the quite legitimate point raised by Senator Belisle. I point out that in introducing the motion for second reading it was not brought to the attention of this chamber that there were no amendments on first reading, second reading, or in Committee of the Whole in the other place. Senator Belisle's point is well taken. We have no way of knowing, when a bill comes to us, when third reading has taken place only within a few minutes, that there have not been substantial changes.

Hon. Mr. Langlois: There has been no amendment at all.

Hon. Mr. Grosart: I am not arguing this point at all now. I am only raising it as my answer to the not very Christmas-spirited reaction that was taken to Senator Belisle's quite legitimate point.

While I am on my feet, may I just say that I raise the matter of the continuation of these tax reductions into on-going months, because I would hope that the benefits Senator Langlois has indicated will flow from these reductions will convince the Government that this is a much better policy to meet the problems of the economy that the Government has created by other policies. I hope the Government will be convinced by the benefits that will flow from this that this is a much better way of tackling some of the problems than some of the policies we have had in the past.

Hon. Mr. Belisle: Honourable senators, may I further say that we are here during this recess hour of 6 p.m. to 8 p.m., and, unless the rules have been amended, never in the history of this house have we sat between 6 o'clock and 8 o'clock in the evening in order to accommodate the

pleasure and good will of the Leader of the Government (Hon. Mr. Martin).

Hon. Mr. Martin: That is ridiculous.

The Hon. the Speaker: Order, please.

Hon. Mr. Belisle: If we are to sit here to be lectured by the Leader of the Government—

The Hon. the Speaker: I ask for order, please. All honourable senators are aware, or should be aware, that there was an order of the house to adjourn during pleasure from the time we left this chamber after 2 o'clock until 8 o'clock or 9 o'clock this evening.

Hon. Mr. Langlois: You had to be in the house to know that though.

The Hon. the Speaker: I must state this, for I know that the honourable Senator Belisle would not like to leave an impression that was contrary to the order of the house.

Hon. Mr. Belisle: I accept your ruling, Your Honour, but I am convinced that you are not completely impartial when you say—

Hon. Senators: Oh!

Hon. Mr. Martin: There must be no reflection on the Chair in any way.

Hon. Mr. Belisle: This bill should have come to us at 8 o'clock at the call of the bell. The bell should be rung before 6 o'clock or after 8 o'clock. We are here to accommodate the Government.

Hon. Mr. Martin: Oh, no, you are not here to accommodate the Government. You are here—

The Hon. the Speaker: Honourable senators, order, please. I think this is a matter for the Chair. I have already explained what has taken place today. Of course, Senator Belisle is free not to accept my explanation, but I want to put on record again that it was an order of the Senate that we adjourn to re-assemble at the call of the bell at any time up until 9 o'clock this evening. The bell could ring at any moment during this period of time. I cannot say anything further, and I hope that this explanation will settle the issue that has been raised.

Hon. Mr. Grosart: Your Honour, I am quite sure that the point on which Senator Belisle has risen is a good one.

Hon. Mr. Langlois: Oh!

Hon. Mr. Grosart: This is Christmas, and when a senator on this side rises on a point of procedure it is my duty to support him, if I believe he is right.

Hon. Mr. Langlois: And if he is wrong?

Hon. Mr. Belisle: I will challenge you any time you like.

Hon. Mr. Langlois: I am ready. You were not in the house, senator. That is why you do not know what took place.

The Hon. the Speaker: I have given the floor to Senator Grosart.

Hon. Mr. Grosart: I would not have risen to support him if I thought he was wrong, but in this case I think he is right. We have a rule prohibiting sittings between 6 and 8 o'clock. Senator Belisle has said that on this side we accommodated the Government—and, of course, we did. We accommodated the Government by not raising that objection at the time. Again, I do not want to argue the point.

Hon. Mr. Martin: Would Senator Grosart permit me—

Hon. Mr. Grosart: When I have finished, yes.

Hon. Mr. Martin: Would he not agree—

Hon. Mr. Grosart: Your Honour—

Hon. Mr. Langlois: There is no question now.

The Hon. the Speaker: The honourable Senator Grosart.

Hon. Mr. Grosart: If the Leader of the Government had risen and asked to put a question—

Hon. Mr. Langlois: He has done that.

Hon. Mr. Martin: I did ask.

Hon. Mr. Grosart: I will yield to him when I have finished my statement.

Hon. Mr. Martin: All right.

Hon. Mr. Grosart: The statement I am making is that the point raised by Senator Belisle was that we were trying to be co-operative here, and his objection, as I understand it, was that from the other side we were not getting the same kind of co-operation. As an instance of that, I will indicate that while I was still speaking to the point two honourable senators opposite rose, and I had to look to His Honour to intervene, to keep the rules of the house.

As I say, it is Christmas. I think Senator Belisle had a good point but unless honourable senators wish to argue it further I suggest we leave it there and forget it. I would say that we all had the very best intentions in this matter.

Hon. Mr. Prowse: Very encouraging.

Hon. Mr. Martin: May I ask Senator Grosart a question? I am not going to persist in the question, he knows what the question is. He has suggested that we ought to let the matter drop. I am prepared to do so, but he knows perfectly well the conversation that he and I had as to when we should meet. I will pursue it no further. I do not want to embarrass him. I know that he must seek to defend his cohorts.

Hon. Mr. Belisle: I object to that.

Hon. Mr. Martin: He is doing it with vigour and with great ability. But he knows the circumstances of our meeting at this time. First of all, there is the motion of the house that we meet at the call of the Chair, but he will recall the conversation that he and I had not very many minutes ago, before we came into this chamber. Having recalled it to him, I will leave the matter there.

Hon. Mr. Grosart: I suggest that we can hardly leave the matter there. In the first place, I have some doubts about the propriety of raising in an issue like this conversations through the usual channels. However, I will not argue that. All I was saying on the matter was that we had agreed to an accommodation, and that was exactly the purport of the conversations that the Leader of the Government refers to. We did agree. I do not deny that for a minute.

• (1920)

Hon. Mr. Langlois: This was a mutual accommodation.

Hon. Mr. Prowse: Will the honourable member permit a question?

Hon. Mr. Martin: Let us get on with it.

Hon. Mr. Prowse: Does the honourable senator understand, as I understand, that what we are discussing is a bill to reduce taxes? Is that what he is talking about? Are we talking about the same thing?

The Hon. the Speaker: Senator Prowse, we were about to discuss a point that has been raised by the honourable Senator Belisle. I thought that the matter had now been settled.

Hon. Mr. Prowse: With all respect, I have asked a question. The house now has before it in a general way a bill which is intended to reduce taxes. Am I correct?

The Hon. the Speaker: It will be up to the sponsor of the bill to answer that question, of course.

Hon. Mr. Langlois: Honourable senators, I just rise to complete my answer to the question put to me a few moments ago by Senator Phillips. I have been reminded, and now do recall myself, that last week a complete report from the Minister of Manpower and Immigration was distributed to honourable senators giving all the information concerning the expenditures made by his department in connection with the on-the-job-training programs, giving the number of those who benefited from these programs, the wages they were paid for them and the time which they spent under this program, and so on.

I think, if Senator Phillips cares to consult this booklet, which was delivered to all of us last week, he will find that it contains all the information he desires. I say this by way of completing the answer I gave him a little while ago.

Hon. Mr. Phillips: I wish to thank the honourable senator.

Hon. Mr. Bourget: Hear, hear.

Hon. Mr. Phillips: But the fact that I saw the note coming into him is a good indication that he did not have much more time than I did to study the booklet.

Hon. Mr. Langlois: My friend has not been called upon to sponsor many bills. When one is working under pressure like this at the end of a session, one cannot be expected to be put in the same place as a minister, who is living the situation from day to day. My friend will understand that, if he is ever called to sponsor a bill. If he ever is asked to do this job, I will be tolerant with him because I know what is involved, which is certainly not the case with respect to my friend.

Motion agreed to and bill read second time, on division.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Langlois: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Hon. Mr. Belisle: On division.

Motion agreed to and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE

Ottawa

23 December 1971

Sir,

I have the honour to inform you that the Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, December 23, 1971, at 7.30 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, this may be the last opportunity before the end of the year to afford us the occasion to express our thanks to His Honour the Speaker and to our officials for their collaboration. It could be that we will be back next week, but this depends upon the progress made in the other place with respect to the national marketing bill. However, the uncertainty in that regard is such that I beg leave to take this opportunity to express our warmest thanks to His Honour the Speaker for the able way in which he has presided over our sessions since we began our meetings and which have continued uninterrupted since September 14 last.

It would be well, when we have some of the news media making a rare appearance in our presence, to let them know that we have been sitting here repeatedly and without interruption since September last engaged in some important work affecting the welfare of our country. We have had no legislation whatsoever to deal with this session because of the preoccupation of the other place with the income tax bill. It is not the fault of the Senate that the other place has taken practically all of the autumn months in its deliberations on that measure, thereby den-

ying us and themselves as well the opportunity of dealing with various projects of legislation which are of concern to the country.

• (1930)

Nevertheless, the Senate has met and discussed important items of foreign affairs, finance, poverty, science and agriculture in a manner that does credit to this house. The credit is due not only to those sitting to the right of His Honour, but also to those sitting to his left.

During this session we have received the report of the Standing Senate Committee on National Finance, which was welcomed throughout Canada as one of the most sophisticated and mature documents of its nature presented by any body, legislative or otherwise, in the country. It is well that that should be recalled at this time.

Likewise, we have received the report of the Special Senate Committee on Poverty, under the chairmanship of Senator Croll, which continues to be the subject of much discussion in the country and which is still being debated in this chamber.

As we come near to the end of this portion of the session, we should recall the constructive work that has been done.

Above all, we should recall, both to ourselves and the country, because the country is interested, the fact that for 3½ months, since September 12, the Standing Senate Committee on Banking, Trade and Commerce has been engaged in a parallel study of the tax reform bill. That is longer than the time taken in the study of that measure by the House of Commons. In addition the committee has called before it almost 100 witnesses who have made representations, not available to those in the other house, in respect of that tax measure. Three reports have been delivered by the committee embodying recommendations presented to the Minister of Finance. Whether or not we agree with these, I believe I am speaking for all senators when I say that we have no reason to feel that we have not discharged our duty during these months in a way that should be noted by the Canadian people.

It is not our fault that these facts have not been noted. There are, however, those in our country who have the responsibility of impartially conveying to the public what has been done. I do not for one moment expect that anything I have said will prompt this to be done. I wish, however, to make this observation because of the nature of remarks made by some outside this chamber and by those who, charged with the responsibility of recording events parliamentary and otherwise, should unhesitatingly regard as part of their obligation an adequate reporting of what goes on in both Houses of Parliament.

I wish to thank in your name, Mr. Speaker, all members of the Senate staff, the stenographers, the messengers and the ladies who clean our offices and corridors. I wish to thank the page boys and the two page girls—

Some Hon. Senators: Hear, hear.

Hon. Mr. Martin: —for their loyal and energetic help during the course of this session. To each and every senator I would like to extend my best wishes for a very merry Christmas.

[Hon. Mr. Martin.]

[*Translation*]

I take this opportunity to express to every one in the Senate, senators, personnel, pageboys, to all of you, first on behalf of the Government, best wishes for a merry Christmas and, on my own behalf, heartiest wishes for a pleasant and fruitful yuletide.

[*English*]

The Acting Leader of the Opposition has had over the past few days, a very difficult role to perform and has discharged that role well. Whatever I may have said about him concerning some of his speeches and ingenious arguments during the past weeks, I would like him to know that I regard him as one of the most hard-working and industrious members of this house. He has been faithful to the end in discharging his responsibilities. I am sure I express the views of all honourable senators when I say that we greatly admire the character of his work and his industry, even though we do not fully appreciate the errors into which he has occasionally allowed himself to be unnecessarily plunged.

Hon. Mr. Langlois: Un bon garçon.

Hon. Mr. Martin: We thank you for presiding over our deliberations. If it is necessary for us to return next week to deal with legislation coming over from the other place, we will do so dutifully and on time. In the meantime, we express to Your Honour our best wishes.

Nos meilleurs vœux pour un Joyeux Noël.

Hon. Allister Grosart: Honourable senators, I thank the Leader of the Government for his kind words. I can only say they were not necessary. We all have our areas of duty, and I am sure that all honourable senators discharge that duty as they see it.

It was characteristic of the Leader of the Government to draw attention to the work performed by the Senate during this session. He could have done no less. I am one of those who believe that Senator Martin, during the many months that he has been in the Senate, has been to a very large extent responsible for much of the good work that has been achieved by the Senate. I give him full credit for that. He has worked hard and believes in the Senate as an important institution in our federal system. He has given the fullest proof of that belief in his conduct of the affairs of the Senate as Leader of the Government.

I take pleasure in offering the compliments of the blessed season to everyone, particularly to Your Honour for the grace and wisdom with which you have presided over our affairs during the 230 or more days of this session. I thank you, sir, for the many occasions on which you have prevented me from falling into transgressions, to which Your Honour knows I am prone and with which you sympathize.

• (1940)

To my colleagues on both sides and, if I may be Irish for a moment, those on no side, because we have some who are apparently on no side in one sense of the word, our thanks for their fellowship during these long days. Whatever be our disagreements here we all know that there is a spirit of fellowship and good will among honourable senators. That is one of the many great rewards for service in this chamber.

To our staff, both within and without the Senate, we owe more thanks and admiration than we normally render. This is not the time to detail those to whom I refer, but it will not be taken amiss if I add to the observation by the Leader of the Government that when we think of our staff now we all think particularly of these two beautiful young ladies who have added a dimension of youth and beauty to this chamber, along with, of course, our lady senators.

In expressing our thanks to our staff, both within and without the chamber, I think immediately of those wonderful words of Robert Browning who, in what I feel is his greatest poem, *Pippa Passes*, said:

All service ranks the same with God—

With God, whose puppets, best and worst,

Are we; there is no last nor first.

Then there are our fellow members of Parliament in the other place, to whom we owe felicitations. We might have some doubt as to the degree of thanks we owe them because of the situation we found ourselves in during the last few days. However, we might say to them, as was once said by George Herbert: "They talk of Christmas so long that it comes". And, apparently, it has happened. We know they have laboured long, and in my view the public of Canada generally is not aware of the long labours of the members of the House of Commons. I am sure at this time we all join in wishing them the speediest possible rest from those long labours.

I would also add my best wishes at this time to our friends of the fourth estate, the members of the press. Whatever they may think of us, they should at least have our thanks for having to sit long hours and listen to us. I am sure that in the year ahead they will find occasion to commend our work.

Finally, to all men and women everywhere, on behalf of the Senate, I wish to express our good wishes at this season, particularly to those who through no fault of their own are not going to have a good Christmas because of the great holocausts that are sweeping the world at the present time. I am sure that the sympathies of all honourable senators go out to those millions of unfortunates whose Christmas is going to be very much less than we would wish for them.

Leave having been given to revert to Notices of Motions:

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, I move that when the Senate adjourns today it do stand adjourned until February 16, at 8 o'clock in the evening, subject to recall at any earlier date during that period.

Hon. Mr. Martin: Likely next week or early in January.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Leopold Langlois: Honourable senators, I should like to add that it is very likely this chamber will be recalled to perform its legislative duty some time next week, depending on the progress in the other place on the Farm Products Marketing Agencies Bill; otherwise it is anticipated that the house will be recalled during the first week of January, on January 3 or 4. That is the best estimate we can give at this stage.

The Hon. the Speaker: Honourable senators, may I thank both leaders for their kind words. I should also like to thank all honourable senators for their co-operation. My task has been an easy one, and I am grateful to all for this.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Copyright Act.

An Act to amend the Customs Tariff.

An Act to amend the Excise Tax Act and the Old Age Security Act.

An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act.

An Act to amend the statute law relating to income tax.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Wednesday, February 16, 1972, at 8 o'clock.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

MASS MEDIA

SALE OF INDEPENDENTLY OWNED NEWSPAPERS—QUESTION OF PRIVILEGE

Hon. Keith Davey: Honourable senators, I rise on a question of privilege. I have a question for the Government Leader which I believe is of such urgency that it should be asked now rather than later this day. Therefore, notwithstanding Rule 19, I ask leave of the Senate to put my question now.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Davey put his question now?

Hon. Senators: Agreed.

Hon. Keith Davey: Honourable senators, more than two months ago, on October 28 to be exact, pursuant to the disappearance of three independently owned Ontario dailies into chain ownership, I asked the Government Leader if he did not agree with me that it was regrettable that the Government had failed to implement the recommendation of the Senate Committee on Mass Media calling for a Press Ownership Review Board. In reply, Senator Martin assured us that he would again draw this matter to the attention of his colleagues in the cabinet.

Meanwhile, at the end of November, still another independently owned daily, this time the Cape Breton *Post*, fell under chain ownership when it was purchased by the Thomson Newspapers Limited. Earlier this month in the other place the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs said that the recommendations of the Senate Mass Media Committee were under study, although the Government had not yet prepared its position with respect to these recommendations. In view of all these developments and in view of the fact that Parliament is presumably going to adjourn for about six weeks, and in view of the rumoured chain acquisition of still more of the few remaining independently owned daily newspapers, I wonder if the Government Leader could comment on the situation generally or at least give us his undertaking that he will do everything he can to expedite the Government study of the Senate committee's recommendations for dealing with the problems of media concentration.

• (1100)

Hon. Paul Martin: Honourable senators, Senator Davey was kind enough to give me notice this morning of his intention to ask this question, which I acknowledge is an important one. I brought the matter to the attention of the Government the day after a question was put to me a few weeks ago. Senator Davey will recall that I expressed some doubt about the constitutional position of a review board in respect of the locus of a particular arrangement within a province. The matter is being studied by the Department of Justice. It could be that even my reservation is wrong. In any event, it is being examined. Certainly the Minister of Justice will be giving the matter his personal attention.

I shall also bring the matter generally to the attention of the Government. In the meantime I should point out that action has been taken under the Combines Investigation Act regarding a newspaper organization in the Province of New Brunswick. That matter is now before the courts. It would be improper, therefore, for me to comment beyond the statement I have made regarding that situation.

The Minister of Consumer and Corporate Affairs with whom I discussed the matter this morning, after I received a notice of Senator Davey's intention to ask this question, has advised me that under the Competition Act, both as it is and as it will be, provisions exist for the establishment of a tribunal through which this kind of question could likewise be examined.

I assure Senator Davey and all honourable senators that I shall bring this matter to the attention of the Government.

Hon. Mr. Benidickson: May I ask a supplementary question? The Leader of the Government referred to the Competition Act "both as it is and as it will be". I assume he refers to the Competition bill as it is in its first reading form in the present session. It has been indicated that that bill will be revised and presented again in a subsequent session. Is it to that that Senator Martin refers in saying "as it will be"?

Hon. Mr. Martin: Yes, that is right and I thank Senator Benidickson for giving me the opportunity to make that clear.

FARM PRODUCTS MARKETING AGENCIES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-176, to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Harry Hays: Honourable senators, I move, seconded by Senator Fournier (De Lanaudière), that this bill be now read a second time.

[*Translation*]

Hon. Mr. Fournier (De Lanaudière): Your Honour, it is not that I object, but I would like to confirm that I intend to support the second, the third and the fourth reading! Do with it as you will.

[*English*]

Hon. Mr. Phillips: Honourable senators, have we gone through Routine Proceedings including Question Period? I realize that we have done away with all our rules, but surely we are not going to dispense with Routine Proceedings? I have a question or two I wish to ask.

The Hon. the Speaker: This is the first item of business, a message from the House of Commons. After this is completed, of course, we will proceed as usual.

Hon. Mr. Hays: Honourable senators, I apologize for being in a hurry but the farmers really need this bill, so I hope I will be excused. I wish to present some background regarding Bill C-176. I realize that many honourable senators are familiar with the bill and have followed the debates in the other place, but it seems to me that it would probably be well to have some of the background of the bill on the record.

Orderly marketing of farm products has been a major problem for farmers since the beginning of agriculture in Canada.

At one time each farmer produced for his own consumption, and acted independently in marketing his own small surplus production. However, as the urban population increased, this situation changed dramatically. Large chain stores developed, requiring a continuous guaranteed supply. Consumer tastes changed and more and more food required processing. Processors also required a guaranteed supply. Transportation has changed, creating a demand for large quantities of some foods to be transported thousands of miles from the point of production. Farmers began to specialize. The average size of many farms increased rapidly, and production and technology advanced rapidly. All of these changes have made it increasingly more difficult for the individual farmer to market his product directly to the consumer.

• (1110)

As the need for a marketing service between the producer and the retailer developed, this position was filled by brokers, wholesalers, packers, as well as by processors. These are the people who buy from the farmers, assemble, process, locate markets, guarantee supply, and so forth, and they do an excellent job. Nowhere in the world is there a higher quality of food available at such low prices as we have in Canada.

However, when the farmer lost his position in the market place he lost control of the realities of marketing. He became out of touch with the consumer. He is unaware of changing consumer preferences, changing production volumes, and changing trade patterns, until these changes affect the price of his product. As a result of there being no co-ordinated effort on the part of the producer of any one agricultural product, even small changes in volume, trade patterns, or consumer preferences often have a disastrous effect on the producers' receipts.

In times of overproduction, acting as individuals, some farmers—in particular those selling perishable products—rush to the market place and are forced to take unreasonably low prices in order not to be left without a sale, and the selling price is often driven down below production costs. In times of underproduction, the reverse is true. Buyers rush to the farmers in an attempt to obtain the volumes necessary to meet their commitments, the price is driven upwards, and this nearly always triggers another cycle of overproduction and low prices.

These are not new problems. It was recognized many years ago that if agriculture was to be a stable industry then, in addition to producing, the farmer must also understand and have some input in the market place. He cannot continue to take the position that he will produce as much as possible without regard to demand, and simply assume that someone else will surely sell the product for him at a price he needs to make a profit.

Faced by these pressures in the market place farmers have searched for methods to stabilize prices over the long term in order that they might stabilize their income and plan investments wisely. There have been steps in this direction. Farmers have invested heavily in marketing co-operatives ranging from grain elevators to feed mills to creameries. Co-operatives, however, were frustrated in their efforts to promote industry-wide orderly marketing for individual commodities because some farmers participated and some did not. Those who did participate reaped the benefits but also bore the cost of establishing and running the co-operative. Those who did not participate often reaped the benefits and bore none of the costs. When prices came under pressure the co-operatives were only partially successful in holding the line against a decline because they did not have complete control of supply.

The next step was for farmers to turn to stronger agencies in their pursuit of orderly marketing. They asked governments to give them the right to market the entire production of individual commodities. Producers of some farm commodities also asked for the power to limit production to prevent surpluses from driving prices below the cost of production.

The first attempt to establish such agencies for farmers came in the form of legislation passed by the federal Government in 1934, but the Supreme Court subsequently ruled that the federal Government could not interfere with provincial rights to control marketing within the provinces, and the legislation was nullified. Since then every province has passed legislation—and I want to emphasize this—to enable farmers to set up provincial marketing boards. Some 122 marketing agencies have been established under these provincial acts. The provincial acts are enabling legislation, and cover all farm products. There are no exceptions for individual commodities.

There is only one national marketing agency established on the federal level, the Canadian Dairy Commission, which deals with the marketing of industrial milk. The commission has no power to control production volumes, but it does exert an influence on production because it offers subsidies to promote production of the amount of milk the market requires, and it reduces subsidy payments if farmers overproduce the market.

I should like to digress for a moment while dealing with the Canadian Dairy Commission. When I had the honour of being Minister of Agriculture I, with both Deputy Ministers of Agriculture, made an almost world-wide trip visiting such countries as Denmark, Holland, France, New Zealand, Australia, and the British Isles. We checked their

legislation and saw how they handled their dairy surpluses.

Hon. Mr. Fournier (De Lanaudière): We know you did a good job.

Hon. Mr. Hays: Thank you very much. You will remember that at that time the price of milk for manufacture was from $1.50 to $2 a hundred pounds. The Canadian Dairy Commission Act was a most forward-looking piece of legislation, and as a result the dairy industry today is one of the most thriving industries in Canada. We have balanced consumption and production, and although sometimes we may run into shortages we have continuity of supply, which seems to me important for the producers, and it is certainly important for the consumers.

I have just mentioned the Canadian Dairy Commission. At the federal level, the next thing was the Canadian Wheat Board, which exercises marketing powers over wheat, oats, barley, and grains on the Prairies. Its main influence is over prices and the flow of grain to market through the use of delivery quotas.

When provincial marketing boards were established a loophole was found which enabled producers who were marketing their products in another province to bypass the provincial marketing agency. The federal Government provided legislation to overcome this problem back in 1949 by passing the Agricultural Products Marketing Act. A large number of provincial marketing agencies have made use of the Agricultural Products Marketing Act. By the mid-1960s provincial marketing agencies were well established for several commodities, and in particular for eggs, tobacco, some fruits, vegetables, and hogs.

But now a new level of competition emerged. Instead of individual producers fighting for markets, in the case of eggs the provincial marketing agencies were fighting each other for the Canadian egg market. Egg producers asked for national legislation to enable them to establish a national marketing agency to put a stop to this scramble for the Canadian egg market. At a meeting of provincial Ministers of Agriculture with Mr. Olson in 1968 full agreement was reached that federal enabling legislation was needed so that the provinces could introduce orderly marketing on a national basis.

After the Regina meeting, work to put together a national marketing bill began. There was an initial difficulty between federal and provincial ministers and the officials as they began to work out the kind of legislation that would best attack these problems, taking into account the constitutional requirements regarding jurisdiction at two levels of government. Several proposals were discussed, among which was a proposal to introduce a separate bill for each individual commodity as the demand on behalf of the producers of that commodity built up for a national scheme. This proposal was rejected because of a possible long time lag between the time a problem arose and the time the solution could be applied. Everyone realized that this time lag could result in serious financial damage to the producer.

• (1120)

The main aim of the bill was to co-ordinate the orders of provincial agencies in various provinces, so the bill was finally written to resemble as closely as possible the provincial marketing legislation already in place, in order to deal with this problem in a practical way without running into constitutional difficulties. So, instead of introducing a bill that would set up only a national egg marketing agency, the federal Government introduced legislation which would cover all commodities. Farmers producing any other commodity could then set up a national marketing agency, if and when they were ready to do so.

Honourable senators, legislation was prepared and introduced in the House of Commons on March 17, 1970. A long and heated debate ensued, both inside Parliament and within the agricultural industry. Some farmers were strongly in favour of the concept of national marketing agencies, while others were strongly opposed to it, particularly to the possibility of production controls.

The House of Commons Standing Committee on Agriculture discussed the legislation, known at that stage as Bill C-197. They discussed it for many days, they received letters and briefs and listened to representatives of farm organizations, one provincial government, and consumer groups. The bill failed to receive third reading and died on the Order Paper when the second session of this Parliament ended in October 1970.

The legislation was re-introduced as Bill C-176 in October 1970, when the third session of this Parliament began. This is the bill we are dealing with now. The debate in the other place was resumed from where it was discontinued on Bill C-197. The Honourable Mr. Olson, the Minister of Agriculture, indicated he was willing to give favourable consideration to a number of amendments. The bill was again referred to the Standing Committee on Agriculture for further consideration. That committee travelled throughout all areas in Canada, and held open meetings with provincial governments and interested citizens.

Hon. Mr. Connolly (Ottawa West): Would the honourable gentleman tell us in what year the travelling by the committee was done?

Hon. Mr. Hays: I cannot give exact dates, but I can say that after the bill was introduced the committee travelled across Canada and heard hundreds of witnesses.

Hon. Mr. Martin: It was in this year.

Hon. Mr. Hays: In March 1971 the bill was reported back to the House of Commons from the standing committee and remained at the report stage until quite recently.

At a meeting held on November 23 last, nine of the ten provincial Ministers of Agriculture agreed that Bill C-176 should receive speedy passage. An amendment suggested at that meeting would limit the supply management feature of the bill to poultry and poultry products.

The bill provides specifically, first, for the establishment of a National Farm Products Marketing Council and, secondly, for the establishment of national marketing agencies for specific agricultural commodities.

The National Farm Products Marketing Council will consist of between three and nine members appointed by order in council, and at least 50 per cent of the membership will be farmers. Several proposals for the election or appointment of members were discussed, and rejected. These members must act in the national interest of all producers and therefore cannot be put in a position where claims or charges of preference can be made, as may be

the case if appointment is made by a particular regional or provincial group.

I shall refer now to the duties of the council. The council will (a) provide advice to producers and producer groups with respect to establishing national agencies; (b) supervise the operation of agencies under the act; (c) work with the agencies to promote more effective marketing in interprovincial trade; (d) consult on a continuing basis with all provinces to promote orderly interprovincial marketing; and (e) the council may recommend to the Governor in Council that (i) a national agency be established; (ii) a national agency be given certain authorities to regulate or promote trade; and (iii) the authority of a national agency be broadened or extended.

The council, however, is prohibited from making any such recommendations until it has definitely established that a majority of the farmers involved agree with the recommendations. In addition, the Governor in Council, or the cabinet, is prohibited also from accepting such a recommendation from the national council until it is satisfied that a significant majority of producers is in favour of the recommendation. In order to establish the position of a majority of producers, the national council shall hold public meetings and may hold a plebiscite or other form of vote.

Turning now to the membership of the national marketing agencies, the bill provides that (a) each agency will consist of between 3 and 12 members, the majority of whom must be producers; and (b) members may be appointed in order to get the agency started, but as marketing plans are developed by individual agencies, provision is made for the marketing plans to include a method for appointment or election of members from the producers involved.

With regard to duties, an agency will administer the approved marketing plan for any one designated product. The approved plan, and, therefore, the authority of any one agency, may take many forms, depending on the wishes of the producers involved. The agency may prepare a marketing plan for the approval of the national council. It may prepare and implement a plan. It may undertake to purchase, package, store, process, export and sell the product. It may undertake an advertising and promotional plan to improve sales, use and quality of the product. Under the bill as amended, no agency, except one for poultry and poultry products, can operate a national supply management system.

In its present form, Bill C-176 reflects the needs and wishes of the great majority of Canadian farmers, and nine of the ten provincial ministers. The safeguards against misuse or regional preference in the matter of interprovincial trade are more than adequate.

The bill provides an adequate mechanism for the producer to take an active part in the promotion and marketing of his product. It allows all producers to share as fairly as possible in the total Canadian and export market. It provides an effective and satisfactory solution to provincial trade barriers which have been established by many provinces. However, the bill is not presented as the complete answer to our marketing problem. This can only come about when farmers and others involved recognize that it is a Canadian problem, not a provincial or regional one, and when all Canadian farmers recognize that the Government cannot legislate co-operation, but can only provide the mechanism and environment to make co-operation possible.

The Minister of Agriculture recently introduced an amendment which removed supply management from the list of powers that national marketing agencies can exercise, except with respect to egg and poultry products.

Honourable senators will agree that constitutionally it is the responsibility of senators to serve the provinces. Nine out of ten provinces agree with this legislation. Manitoba agrees with the broad principle of the marketing agency, but would like to be able to veto any agency. This is their only objection to the marketing bill.

• (1130)

I believe this legislation has been thoroughly debated and amended to meet the vigorous demands of the multitude of interests within agriculture and industry. Any delay on our part in providing the Canadian agricultural industry with the legislation it needs to establish national marketing agencies for farm products would, in my view, be unwarranted and unjustifiable at this time.

This bill was debated from early last night right through until a quarter to seven this morning, when it was finally passed in the other place. As Bill C-176 stands now it contains the amendments, and this is the form in which it is presented to this house.

If the bill receives second reading I intend to move that it be referred to a committee where honourable senators will have an opportunity of having their questions answered.

Hon. Mr. Phillips: Honourable senators, may I put a question to the sponsor of the bill? Last evening I received a copy of one amendment which, I believe, was passed by the House at that time under clause 18. Does Senator Hays know if there was another vote later on in the morning at which time this "limitation amendment" might have been moved under Clause 18? Unfortunately, the House of Commons *Hansard* covering that will not be available until tomorrow.

Hon. Mr. Hays: Are you referring to the new bill or the old bill, senator?

Hon. Mr. Phillips: The amendment as originally received by me is different from the amendment included in the bill we have before us now. Therefore, I am asking if there was one vote or if there were two votes on the amendment to clause 18 which, in the old bill, was found on page 13, line 38.

Hon. Mr. Hays: The amendment as I have it reads as follows:

> (3) A proclamation referred to in subsection (1) or (2) that designates a farm product other than eggs or poultry or any part of eggs or poultry shall not set out as a term of the marketing plan that an agency is empowered to implement any term that would enable the agency to fix and determine the quantity in which any regulated product could be marketed in interprovincial or export trade by persons engaged in such marketing thereof.

Is that the way you have it?

Hon. Mr. Phillips: No.

Hon. Mr. Hays: I believe the minister will be present before the committee and that question can be put to him, but I think what this says is simply that an agency will not be able to set quotas and so on in respect of products other than eggs or poultry or any part of eggs or poultry.

Hon. Mr. Phillips: I do not wish to involve Senator Hays in an argument at this point. No doubt in my later remarks I will have ample opportunity to do that. I have here a copy of the "blues" of the House of Commons for last evening which indicate that Mr. Olson, the Minister of Agriculture, requested unanimous consent when he moved the amendment to clause 18. I now find the amendment is listed under clause 2. My question, therefore, is: Was there a second vote in the House of Commons? How do we account for the difference between the House of Commons "blues" of 7.30 last night and the bill as we have received it this morning? Was there a second vote or did someone just automatically change the "blues" and the bill?

Perhaps this is really a point of order, Senator Hays, rather than a question, but it is most important that we find out when and how that amendment was moved.

Hon. Mr. Hays: I did not attend the debate last night, Senator Phillips, so I cannot answer. I assume that what we received is correct. Certainly, if it is not correct, we can go into that in committee.

Hon. Mr. Fournier (De Lanaudière): Senator Phillips referred to clause 18. That clause covers two pages. Can he tell me exactly what part of it he is referring to?

Hon. Mr. Phillips: I shall do my best to explain to the honourable senator the point I am raising. To Bill C-176 as amended and reported by the Standing Committee on Agriculture of the other place there was an amendment moved in the house yesterday by the Minister of Agriculture in respeect of clause 18. In the unamended bill., Senator Fournier, you will find that clause beginning on page 12 and continuing on page 13 to the bottom of the page. On page 13, after line 38, an amendment was inserted. However, today we have it in an entirely different clause, and I am asking what happened between 7.30 last evening and 11 o'clock this morning that would cause the amendment to have been moved from clause 18 to clause 2.

Hon. Mr. Hays: There were three amendments; there were three votes. If you wish, I can read them into the record. There was an amendment to clause 2, on page 1, which reads as follows:

> (b) "Council" means the National Farm Products Marketing Council established by section 3;
>
> (c) "farm product" for the purpose of Part I, means any natural product of agriculture and any part of any such product and, for the purpose of the other provisions of this Act, means
>
> (i) eggs, and poultry, and any part of any such product, and
>
> (ii) any other natural product of agriculture and any part of any such product in respect of which the Governor in Council is satisfied, as a result of declarations by provincial governments following plebiscites, or otherwise, that the majority of the producers thereof in Canada is in favour of the establishment of an agency under section 17 with powers relating to that product;

• (1140)

That was the one that presumably you were concerned about, Senator Phillips.

Then on page 13 of the bill before us, under the heading "Limitation" another amendment has been introduced which reads as follows:

> (3) A proclamation referred to in subsection (1) or (2) that designates a farm product other than eggs or poultry or any part of eggs or poultry shall not set out as a term of the marketing plan that an agency is empowered to implement any term that would enable the agency to fix and determine the quantity in which any regulated product could be marketed in interprovincial or export trade by persons engaged in such marketing thereof.

I think that was subsequently added.

Then on page 18 we find clause 24 which reads as follows:

> 24. A marketing plan to the extent that it allocates any production or marketing quota to any area of Canada, shall allocate that quota on the basis of the production from that area in relation to the total production of Canada over a period of five years immediately preceding the effective date of the marketing plan. In allocating additional quotas for anticipated growth of market demand, the marketing agency shall consider the principle of comparative advantage of production.

Hon. Mr. Fournier (De Lanaudière): It takes a good farmer to understand that.

Hon. Mr. Phillips: I thank Senator Hays and point out that some of the confusion probably arises from the fact that *Hansard* of the other place is not available at this time, and understandably so because I understand it was 20 minutes to seven when the other place rose this morning. It has not been possible to read the debates of the other place to follow the intention of the amendment. Perhaps after the luncheon recess there will be a further opportunity to discuss it.

Hon. Mr. Benidickson: Honourable senators, I wonder if the sponsor of the bill will permit a question. I am aware that he may not be in a position to answer it at this stage, because I have no doubt that he like many other honourable senators experienced difficulty in answering the summons to this sitting because of the heavy storms yesterday afternoon and evening as a result of which air travel was rather difficult. Therefore, he may not have had the opportunity to listen to the radio this morning.

I mention that fact because during the 8 o'clock newscast of C.B.C. there was a statement by Mr. Roy Atkinson, President of the National Farmers Union. I made quick notes as he was speaking, and his remarks were to the effect that the bill was carved up—and I presume he meant yesterday—so that it is now doing little more than providing markets for chickens and eggs but that it should cover all commodities.

I wonder if Senator Hays would consider that question, and if the house would permit him to answer at a later stage when he has had an opportunity to consider it.

Hon. Mr. Hays: Honourable senators, I heard Mr. Atkinson speak on television last night, and I think that this morning's broadcast merely contained a quote from what he said at that time. If I remember correctly, he said that the bill was completely emasculated and now covers simply poultry and poultry products. But, according to the provisions of the bill, it can cover everything if the producers so desire. They will have to decide whether they want to have an agency or not. Indeed, they have power under provincial marketing legislation which permits them to have a marketing agency even now. If they want to come under this umbrella they can hold a referendum and act accordingly. You may remember that I said this morning that there are provisions which allow them to come under the scope of this measure if they so decide, because it can safely be said that this is a bill for farmers.

Hon. Mr. Grosart: I am aware, honourable senators, that it is not normal at this stage to discuss the clauses of the bill, but in view of the amendments to which Senator Phillips has referred and in view of the fact that in many respect they change the whole complexion of the bill, I wonder if the sponsor, before the motion for second reading is put, would explain the effect of the three amendments to which reference has been made. I refer to the amendments made last night and in the small hours of the morning to clause 2, clause 18 and clause 24.

I ask this because of the comment attributed to Mr. Atkinson, and because of the fact that there still remains some confusion as to the scope of the bill, particularly with respect to the amendment to clause 2, paragraph (c). Senator Hays gave me the impression that a plebiscite was required before the declaration by a provincial government. Now it would appear that the amendment says "plebiscites, or otherwise". Would he just explain the effect of the whole scope of the bill in the light of these three amendments.

Hon. Mr. Benidickson: Is Senator Grosart referring to the insert which we have received containing amendments to the bill?

Hon. Mr. Grosart: Yes, we have been provided with some amendments, but it appears that the amendment to clause 18 (3) is not contained in the insert.

Hon. Mr. Hays: Honourable senators, I think the amendments to the bill encompass all commodities, but in so far as poultry and poultry products are concerned, under the terms of the bill control is taken of supply and quotas and that sort of thing. I think what the amendment is meant to do is not to include other commodities unless the producers want them included, and in order to do this they have to go to Parliament and indicate to Parliament that there are enough people interested in the inclusion of beef, calves, or that sort of thing. As the bill is now it covers poultry and poultry products with provisions for the inclusion of other products on the same basis, providing the producers want them included as demonstrated by referendum or otherwise.

• (1150)

Clause 24, having been added, is new. It provides:

> A marketing plan to the extent that it allocates any production or marketing quota to any area of Canada, shall allocate that quota on the basis of the production from that area in relation to the total production of Canada over a period of five years immediately preceding the effective date of the marketing plan. In allocating additional quotas for anticipated growth of market demand, the marketing agency shall consider the principle of comparative advantage of production.

This is to provide that in the event there occurs in the Maritimes, for instance, a 10 per cent increase in egg consumption, necessitating a like increase in production, the allocation of that quota can be changed to satisfy the demand. This applies equally to other provinces. The agency would not necessarily grant the 10 per cent increase. If it is possible to produce potatoes more cheaply in the Maritimes, a province such as Alberta or Saskatchewan would receive that increase. That is why it was insisted that this provision be inserted.

Hon. Mr. Grosart: What is the effect of the five-year averaging in the new clause 24?

Hon. Mr. Hays: Every five years the quotas may be adjusted. If it were found that there was a 10 per cent increase in demand, the production requirements of the old quota holders would be so increased.

I could probably explain this point best by the illustration of the Canadian Dairy Commission. There are two classes of production, one being home delivery. The other is manufacturing milk, from which butter, cheese, and other commodities are produced from the same original product. When the consumption of milk in Toronto increases, the quotas are raised, more milk being produced to satisfy the demand. Almost all cheddar cheese produced in Canada is from western Quebec and eastern Ontario. Very little manufacturing milk is produced in Saskatchewan, for instance, or Alberta. An increase in quota would benefit the Canadian people if it were produced in the area in which better quality cheese could be produced more economically.

Hon. Mr. Phillips: I am sorry for continuing to come back to these questions, honourable senators—

Hon. Mr. Fournier (De Lanaudière): Mr. Speaker, I rise on a point of order. I would like to have your decision as to whether I am obliged to listen to the honourable gentleman when he is not speaking from his seat.

Hon. Mr. Phillips: I do not think the Senate would be any poorer if you did not listen.

May I now put my question?

The Hon. the Speaker: I should hear from the honourable Senator Grosart on this point of order. These are very special circumstances and we should take this opportunity to discuss it.

Hon. Mr. Grosart: Honourable senators, in my opinion the point of order is well made. The rule requires, although I have not read it recently, that a senator shall rise in his place. It makes no reference to any numbered seat, nor does it define "his place". In view of the fact that

on this side at the moment we have a temporary acting leader, a temporary acting deputy leader, and a temporary acting whip, I suggest to His Honour that we are all speaking from our places, as the rule requires.

The Hon. the Speaker: Do I understand that, although Rule 25 requires that a senator desiring to speak in the Senate shall rise in his place, because of today's special circumstances the rule may be disregarded?

Some Hon. Senators: Agreed.

Hon. Mr. Fournier (De Lanaudière): With unanimous consent. It is a pleasure, because otherwise he would be so far away.

Hon. Mr. Grosart: Honourable senators, it should be understood that His Honour's ruling is of a purely temporary nature.

Hon. Mr. Langlois: Honourable senators, I shall be brief. I open my remarks by thanking the sponsor of the bill—

Hon. Mr. Sparrow: Is the honourable senator speaking on second reading?

Hon. Mr. Langlois: Yes.

Hon. Mr. Sparrow: I would like to address a question to the sponsor. Perhaps he could explain a little more to me and, in turn, to the Senate, the supply management features of the bill. I ask this particularly because he suggested it is a good thing for poultry, eggs and turkeys, but not necessarily for other products. I ask him to explain in a little more detail the supply-management features?

The honourable sponsor seemed to indicate that there is some urgency in the passing of this legislation. I am wondering what he meant by that. Would he also say whether it is necessary for the provincial legislatures to meet before action by way of complementary legislation can be taken with respect to the provisions of this bill? If that be the case, and in order that we shall be in a position to co-operate with the provincial governments, may we know when the provincial legislatures are to meet?

Hon. Mr. Hays: Clause 18 of the bill allows supply control only in respect of poultry and poultry products. Of course, clause 24, as I explained, provides the guidelines for the quota allocation. Clause 2 does not alter the effect of the bill, but makes it explicit that a plebiscite is required for products other than poultry and poultry products. This plebiscite must be taken in the case of anyone wishing to opt in.

Hon. Mr. Benidickson: Or something else.

Hon. Mr. Hays: Yes, or something else. The words are "plebiscites, or otherwise".

In reference to the need for provincial legislation, I understand that the Minister of Agriculture and Food of the Province of Ontario, Mr. Stewart, has been telephoning the Minister of Agriculture regarding legislation he is presenting, which requires the passage of this bill as soon as possible.

Hon. Mr. Sparrow: What does that mean?

Hon. Mr. Argue: Like February.

Hon. Mr. Sparrow: Are you suggesting that the Ontario legislature has passed legislation, or is planning on passing it?

[Hon. Mr. Grosart.]

Hon. Mr. Hays: I believe their plans are to pass legislation. I am sorry for not being familiar with it. However, it is necessary that this bill fits in with their proposed legislation.

Hon. Mr. Sparrow: Do you know when the Ontario Legislature will sit?

Hon. Mr. Hays: No, I do not.

The Hon. the Speaker: Before I give the floor to the honourable Senator Phillips, I must say that we are on second reading of the bill, but because of special circumstances—the bill having reached us very early this morning containing amendments—questions must be allowed at this time. I understand that Senator Phillips has not completed his questions.

• (1200)

Hon. Mr. Benidickson: This questioning is being done under special circumstances, but even if it were not a special day it seems to me that it would be quite in order to put a question after the sponsor has spoken, because the answer might determine whether it would be necessary for a senator to speak subsequently.

The Hon. the Speaker: I made my remarks because I am aware that some honourable senators do wish to speak on this matter. I am suggesting that if we get through the questioning of the sponsor we can then ask honourable senators who have prepared a speech to proceed. Honourable Senator Phillips?

Hon. Mr. Phillips: In reply to Senator Benidickson's remarks, I can only say that we would not be asking the number of questions we are if it were not for the fact that we have not had an opportunity to study the debate in the other place.

Hon. Mr. Benidickson: My point was that it would be in order whether it was an unusual circumstance or not.

Hon. Mr. Phillips: Senator Benidickson referred to the insert in the bill. This creates confusion in my mind when I compare the insert to the "blues" that I have been able to obtain, which disclose that two amendments were passed. The sponsor stated there were three amendments. Can you clarify this for me? I should also like to know who is responsible for the printing of this insert.

Hon. Mr. Hays: There were two amendments and then a new clause was added to the bill, and that is the one I gave you. I did not hear the second part of your question.

Hon. Mr. Molgat: My question pertains to the first amendment, the one calling for a plebiscite or otherwise. What does "otherwise" mean? Does this mean that a decision is made by a majority of producers across Canada? For example, if two or three provinces were opposed to some action but a majority of the producers in other provinces were in favour—the larger provinces having a greater number of producers—would their decision then be imposed on these two or three provinces?

Hon. Mr. Hays: I understand that the referendum, if it were dealing with cows and calves, for example, would have to be across Canada, and the majority would rule.

Hon. Mr. Sparrow: You keep saying a referendum.

Hon. Mr. Hays: Or otherwise. Provincial legislation now provides for marketing agencies, and this is simply a federal arm to such agencies. Any province can have a marketing agency if it wishes.

Hon. Mr. Forsey: I have a question for the sponsor of the bill. Am I correct in believing that the new clause 24 will, in view of the provisions of clause 18(3), apply only to poultry and poultry products, including eggs, of course? That is the way it appears to me. Am I correct in that belief?

Hon. Mr. Hays: I will have to read the clause again.

Hon. Mr. Argue: Surely that is there for the benefit of the beef producers who do not want to be included.

Hon. Mr. Martin: I believe so.

Hon. Mr. Hays: Yes.

Hon. Leopold Langlois: Honourable senators, I wish to open my remarks by thanking the sponsor of this bill for a complete and precise presentation of this legislation. He gave not only the purport of the legislation but its background.

This legislation is important and it has come to us at the request of the ten provinces of Canada, although one province has some reservation with respect to one particular aspect. Here the honourable Senator Hays referred to the attitude taken by the Government of Manitoba. I also thank the sponsor for the explanations he gave in answer to questions put to him, and I hasten to add that we could not have had a better sponsor in this chamber for this piece of legislation.

Some Hon. Senators: Hear, hear.

Hon. Mr. Langlois: We are grateful to him and we are fortunate to be able to benefit from his expertise in this area.

I should like to draw attention to a slight error in the bill as distributed to us. The title page reads that the bill was passed by the House of Commons on December 30, rather than on December 31. I understand that the bill was printed last night, and that is the reason for the wrong date.

With regard to the typewritten insert setting out the two amendments made to this bill by the House of Commons, I have only cursorily examined the insert but the only difference I find in this wording and the bill as printed is in clause 2(c)(ii) where the number "17" has been added in the last line. The bill as printed simply referred to "section" without specifying the section.

I wish to express the concern of some honourable senators for being recalled at this time of the year—this last day of 1971—to deal with this legislation. We on this side of the house understand that some senators have been put to great inconvenience because they have had to cancel trips abroad in order to return to the capital. However, once this bill was passed by the House of Commons it then became the constitutional duty of this place to reassemble in order to be legislatively seized with this legislation, and, in my opinion, a good way to close out 1971 is by working in this chamber. It has been a long and busy year of legislative performance.

• (1210)

I know all honourable senators will understand that although this bill is coming to us in the dying hours of 1971, it does not mean that there is any pressure on the Senate. There is no deadline on this legislation. The Senate can deal with it in its own time. If we close our debate today, all to the good. If not, we can come back later on in the new year to complete our legislative work. I want to stress that honourable senators are free to speak for as long and as often as they wish on this legislation, and deal with it in their own good time.

I support the suggestion made by the sponsor of the bill (Hon. Mr. Hays) to send this bill to one of our committees. In my opinion—and I am merely expressing an opinion—that committee should be the Standing Senate Committee on Banking, Trade and Commerce. We have no committee on agriculture. This is not only a matter of agriculture, although the bill deals with farm products; it is a matter of interprovincial trade, and I think it is a bill which should go to the Banking, Trade and Commerce Committee. I am informed that the Minister of Agriculture and his officials will be in attendance. Honourable senators will have an opportunity to ask them all the questions they want about this piece of legislation.

That is about all I have to say at this stage on this bill. I reiterate my thanks to the sponsor for his description of the bill in introducing it to us.

Hon. Rhéal Belisle: Honourable senators, having listened to the comments made by the sponsor of Bill C-176 (Hon. Mr. Hays) and of the other senators who have made a contribution to this debate, I should like to make one or two observations on the bill.

Since we have been recalled at this late date in 1971 and the Government seems to be very anxious to get early passage of this legislation, I must again say to the house that we are not doing justice to important legislation. I know this bill has been before the other place for a long time. Nevertheless, I believe our duty is fully to scrutinize every piece of legislation that comes before this chamber. After a very brief reading of this new bill, which was given to us as we entered the chamber, I must say it is a much better bill than the one originally presented in 1970. I read the bill at that time, and I think it is fair to say that it was a classic in terms of sloppy drafting, sloppy translation, complexity and inequity, and was another agency for the already heavy political patronage machine of the Liberal Party.

This bill was the best example of a package deal ever brought before the other place. Unfortunately, it was a package deal without wrapping.

Honourable senators, I think this bill is so important that if we attempt to deal with it today we will again do injustice to ourselves as legislators. We will not have the opportunity, as is our prerogative, to call outside witnesses before us.

I sincerely think that the crux of what a farm policy should take into account are social and human considerations. Obviously this Government policy in terms of agriculture ignores that concept completely. I personally would like to see this bill go to a committee next week. Why is the Government so anxious to rush everything

through before midnight tonight? We all love holidays, but let us bear in mind that legislation should come first. As Senator Benidickson said, this compromise of last night or early this morning should be studied in the light of the comments made by farm organizations and others.

Honourable senators, if the Deputy Leader of the Government was sincere in saying that there is no rush—

Hon. Mr. Langlois: Do you mean I am not sincere?

Hon. Mr. Belisle: I say, if he was sincere—

Hon. Mr. Langlois: Why do you say that?

Hon. Mr. Belisle: —that there was no rush, let us deal with the bill next week.

Hon. Mr. Langlois: You do not have the courage to make the charge.

Hon. Mr. Martin: Let us proceed with our work and see where we are at the end of the day.

Hon. Mr. Fournier (De Lanaudière): If the honourable senator will permit me—

Hon. Mr. Belisle: I am finished.

Hon. Mr. Fournier (De Lanaudière): You are finished, but not completely. If you want to be logical and practical, why do you not submit an amendment? We would vote on it. It is not enough just to go on the street and talk, like you are doing here. Be logical. Put an amendment forward and we will decide on it.

Hon. Mr. Belisle: That observation and those made from the very beginning this morning by the Honourable Senator Fournier (De Lanaudière) do not need any comment, because they have been made in such a fashion as to be derogatory to this chamber. I always practise what I preach. Whenever I speak, I speak from some knowledge of the subject at hand. Unfortunately, most of the time Senator Fournier takes advantage of our good nature, and we always permit his uncalled for and not too enlightening interruptions. Patience is a virtue. I wish the honourable senator would practise it. If he did, he would do something to enhance his prestige in this chamber.

Hon. Mr. Fournier (De Lanaudière): I thank the honourable gentleman. It is the first time I have had such kind remarks from someone in a blue suit and a red shirt.

Hon. Hazen Argue: Honourable senators, a short time ago we were criticized for having dealt with a major bill, the income tax legislation, much too quickly, and the Senate was given a very bad press. I think it was unjustifiably given a bad press, because the record shows that the Senate did study that income tax bill on many occasions, and studied it thoroughly. It debated the bill and the report of the committee in a comprehensive way, so I say that we were criticized unjustifiably.

I think it fair to say that the other place has not always conducted itself in a way that one could say was beyond reproach. The manner in which the other place has conducted itself regarding this bill is a prize example, and the result of that type of conduct has been virtually to bring the legislative process of this country to a standstill. If in this or the other chamber we are going to debate one bill for months at a time, and then a second for months at a time, when we are faced with perhaps 40 or 50 pieces of required legislation, it means that public business has not been dealt with efficiently. Because of protracted debate, because of filibuster, because of the tactics of certain individuals in the other place, I think that the consideration of this legislation has prevented other necessary legislation being dealt with in a proper, thorough and expeditious manner.

• (1220)

We are not in control of the other place, but when the press comments on this chamber, I suggest that they also compare the democratic process in this chamber to what occurs in the other place.

Hon. Mr. Grosart: Order!

The Hon. the Speaker: Honourable senators, I understand that the honourable Senator Grosart is raising a point of order having to do with certain reflections and attacks contained in the remarks of a member of one house on what is taking place in the other house.

Hon. Mr. Martin: Honourable senators, I think the course that Senator Grosart is taking is right. On the other hand, there were certain individuals—including one who had held high office in this country—who, outside Parliament, did go out of their way to criticize this chamber.

Hon. Mr. Benidickson: There were no reflections on the other house.

Hon. Mr. Martin: We are not talking about what went on in the other place. It will be recalled that Senator Connolly took exception to some remarks made outside that chamber by certain persons belonging to political parties, and I think it was that fact that Senator Argue was seeking to establish.

I am sure his view is that we have work we must do and that we do it conscientiously. I think that what he has been saying up to now has been within the context of what I have just said.

Hon. Mr. Grosart: I am glad Your Honour understood immediately the point of order on which I rose. With all due respect to Senator Argue, I suggest that his remarks were completely outside the accepted rules of procedure. It is a general rule, custom or convention that we do not criticize individuals in the other house for what they say in the other house.

Hon. Mr. Martin: That is right.

Hon. Mr. Grosart: Individuals or groups of individuals in the other house.

Hon. Mr. Benidickson: That custom is not observed by them.

Hon. Mr. Grosart: At times it may not be observed by them. The Leader of the Government has referred to remarks made outside the other house. I believe that reference was completely unnecessary and a mile away from the point of order. Obviously, my point of order has nothing whatever to do with what might have been said by any member of the other house, outside that house.

My point of order was that we do have a rule, custom or convention that we do not engage in such criticism, for the simple reason, as has been explained by the authorities

over and over again, that it would merely lead to accusations being thrown backwards and forwards between the two houses—which would have the very effect to which Senator Argue objects, that is, the impeding of the legislative process.

The Hon. the Speaker: I will hear Senator Argue on the point of order.

Hon. Mr. Argue: On the point of order, at times in this chamber I have listened to outstanding spokesmen of the Conservative Opposition, both its Leader and Acting Leader, complaining that the other house had sent us legislation at the last moment, and that it was so inefficient in the conduct of its affairs that the Senate could not function properly. I have listened to the House of Commons and the Government of the country being run into the ground on that basis. So I am a little taken aback when I, a member of the Liberal caucus in this house, wishing to say that there has been delay in the other place, am told that it is not possible for me to say that in my own way, just as other honourable senators have done when complaining about actions taken in the other place that have inconvenienced us from time to time.

Furthermore, we hamstring ourselves, when honourable members in the other place run down the Senate, if we do not take the position here that we are able to reply. In such instances they refer to us as "the other place", and in similar instances surely we should be able so to refer to them.

Hon. Mr. Fournier (De Lanaudière): I understand that the honourable gentleman, the acting Leader of the Opposition, is an expert dans le droit parlementaire, and I would like him to quote from the books the basis of his argument.

Hon. Mr. Grosart: I was referring to custom and convention, not to our own rules. I will leave it to His Honour, who is an expert on that, to decide whether he wishes to quote authorities.

Hon. Mr. Martin: I think the point has been dealt with.

The Hon. the Speaker: Honourable senators, it is an unwritten rule of Parliament, followed from time immemorial, that when a member of this chamber makes disparaging remarks about a member of the other place, or the other place, the Speaker should immediately intervene. Otherwise we would find ourselves in a very difficult situation. I think this does not need emphasizing, as all the authorities are unanimous, and this practice has been followed.

Hon. Mr. Martin: Agreed.

The Hon. the Speaker: Honourable senators, you will recall that, when the honourable Senator Connolly rose on a question of privilege last week and took objection to some remarks made by members of the other house, at the conclusion of his remarks I asked him if those words were pronounced inside the building or in the other chamber and he said specifically that he heard those words on television. This changed the matter completely.

Before I complete my remarks, I feel I should say that I have given some thought to this point. I have been reading the House of Commons *Hansard* and I think that if this rule must be applied rigidly it must be applied in both houses. There is no doubt about that; otherwise, I will be in a difficult position here, if some remarks are made in the Commons, in wishing to prevent honourable senators rising in this place.

Senator Argue should proceed now and he should avoid any reflection on the House of Commons.

Hon. Mr. Martin: Agreed.

The Hon. the Speaker: Or on the members, or on the way they conduct their own business.

Hon. Mr. Argue: I agree very much with His Honour's ruling. I think it is an important one, namely, that while we should not be aggressive, as I take it, we should be in a position to defend ourselves. That is a pretty sensible attitude.

The bill now before us has been before the House of Commons for an exceedingly long period of time. It was introduced on October 28, 1970. Presumably the country wanted it dealt with expeditiously, but the bill has taken 14 months to reach us. The Senate should therefore take a reasonable amount of time in studying the bill thoroughly. In the light of the very major and far-reaching amendments which were passed by the House of Commons—

• (1230)

Hon. Mr. Benidickson: As of yesterday.

Hon. Mr. Argue: —in fact, overnight and almost too quickly for the printers to produce them. The Senate committee would be wise to make itself available next week to hear representatives of major farm organizations on this legislation as it comes to us in its final form after 14 months of consideration in the other place.

The legislation is required in that sphere of agriculture where it is designed to be used, the marketing of poultry and eggs. Having said that, we then get into an area of severe disagreement. Producers in many parts of Canada, particularly on the Prairies, are seriously concerned that the legislation will be in the hands of a bureaucracy with the right to establish quotas and prices and to manage the production of beef, which until now has been managed by the producers themselves.

It is very difficult for any government to decide what the farming community really wants, or to determine who speaks for the farmers. Do the co-operatives speak for farmers when they say, "Give us marketing boards under certain circumstances"? Does the National Farmers Union speak for farmers when it says, "Give us marketing boards"? Do egg producers or the Palliser Wheat Growers speak for the farmers when they say, "Keep away from marketing agencies and marketing controls"? The difficulty for any government lies in the fact that farmers themselves have not made up their minds, or, to be more accurate, have made up their minds in a number of directions.

Cattle and grain producers who may attend a meeting and vote in favour of the Wheat Board may then attend a meeting of stock growers and vote against a marketing board for beef. However, farmers are not as inconsistent or as mixed up as they may at first appear. Their attitude is: "The Wheat Board has been a good system. We like it, let us keep it. The cattle and calf industry has operated quite well in the past 30 years, so let us not take a chance

on causing trouble within the system." From a business, political or philosophic point of view, it is not a bad attitude to adopt. Their attitude is: "If it works, we want it. The Wheat Board works, so let us keep it. The present system for marketing cattle has worked, so let us be careful before we change it."

The Government should take care in moving into this field. I am no authority on the bill, but the principle behind it, from the day it was first drafted, was to provide supply management, that in the event of a surplus in a given commodity a board should take over the marketing of that product, establish quotas, prices, and adjust the supply to fit the market.

Such a system may be best for poultry and eggs, but in recommending supply management we are saying that we have been defeated by the present system and therefore must try something else. The answer to so-called overproduction is to increase markets. That is where the emphasis should lie.

A year ago I opposed the principle of supply management in the grain industry, under the LIFT Program. I did so because I did not think that it would do a good job. It hurt a number of producers, and I considered it unnecessary.

The problem facing grain producers will be solved not by establishing rigid quotas or supply management but by increasing markets. That should be our first step. The Dairy Commission is often mentioned as having done a great job. Admittedly, it has done some worthwhile things, one of the reasons being that it was given some real money. In 1971 the commission received $129 million. When a board has that much to give away, it is bound to help those who come under its control; otherwise it would be severely criticized.

What has happened to the dairy industry since the program came into effect? I recall doing everything I could as an individual senator, including introducing a bill, to prevent the adoption of marketing quotas and the eligibility ruling affecting marketing quotas as a criterion for producers receiving the subsidy. I maintained that producers should be free to come in. However, it was decided that cream and milk producers should sell 12,000 pounds of milk per year or 420 pounds of butter fat to be eligible for the subsidy. Under the quota system a producer of butter fat could receive approximately $1, while a producer who was without the quota would get 65 cents. That is a severe way of allocating production.

When that legislation first went into effect there were 65,000 industrial milk producers in Canada. The latest figures which I obtained from the Dairy Commission this morning indicated that in April 1971 the figure had been reduced to 50,000, representing a reduction in four years of 23 per cent. It would appear that we are solving the problem of the dairy industry by getting rid of it.

Hon. Mr. Hays: May I ask the honourable senator how many cows it takes to produce 400 pounds of butter fat?

Hon. Mr. Argue: That depends on whether it is a Harry Hays cow or an Argue cow. If it is a Harry Hays cow it only takes half a cow, but if it is a Hazen Argue cow, it takes two or three cows. I only have ordinary cows like ordinary farmers. It might even take half a dozen cows if milked only in the summer months. Of course, this is just an illustration.

• (1240)

Hon. Mr. Hays: You say it takes about half a cow?

Hon. Mr. Argue: It takes about half a Harry Hays cow, but not half an ordinary cow.

But if I produce butter fat with my cows at almost zero cost, that is much more efficient than Senator Hays can produce butter fat. As farmers do in my part of the country, I can go out in the summer and just chisel the calves out of their milk. The farmers sit under the cows, milk whatever milk they can, take it in and separate it and send a few cans of cream to the creamery. The actual cost of such production over and above other costs is very little. So they are very efficient.

On the other hand, they get very few dollars for that, but it is important to many. Four hundred and twenty pounds is not very much. Thirty-five cents a pound on 420 pounds is not very much. It amounts to a little over $100. The trouble is that the $100 does not go to the person who needs it the most. The Dairy Commission has been keeping the $100, and passing it on to the big producers.

I objected to it before and I object to it now. I must say that there are more who agree with me today than was the case when I first made my objections four years ago. The provincial governments then went along. The major farm organizations went along, and this is what happened. But the Dairy Commission only a few weeks ago announced that it was now going to let back in those with a quota for 420 pounds or over who had lost it because of non-fulfilment. In other words, the Dairy Commission is going to open the door a little for some of the small producers.

Therefore, simply to say that the Dairy Commission has been an outstanding success, and as a result we must pass this legislation because it is the same kind of legislation, does not tell the whole story.

In the four years that the commission has been in operation, 23 per cent of the industrial milk producers quit producing. Their number is down from 65,000 to 50,000.

Hon. Mr. Benidickson: Senator Argue, have you any figures with respect to consumer prices over the period since the Dairy Commission was established?

Hon. Mr. Argue: No, I am sorry, I do not have any more information on that than you, Senator Benidickson. I know that prices have gone up, although the dairy producers' prices have remained roughly the same.

In 1967 there were, in round figures, 89,000 cream shippers in Canada. This program has been in effect for four years, and there are now only 54,000 cream shippers. That is a reduction of 39 per cent. So we can stand up and say that the Dairy Commission has been a great success for the 54,000 who are still in existence, but what about the 35,000 who just gave up and said that there was not enough in it to continue producing, or who found that the rules were so difficult that they could not get the quota they needed and just had to go out of business.

I am not opposed to the principle of marketing boards as such. They can serve a useful purpose. The Dairy Commission can serve a useful purpose. But I think that the commission, in its so-called supply management,

should be exceedingly careful not to make it impossible for the very small producer to earn a few dollars while at the same time making it easy for the big producer to keep on getting the lion's share of the subsidies.

It happens that the vast majority of producers are located in central Canada, and some years ago when this was being discussed I felt that it might be a kind of gang-up affair by them to get control of the market at the expense of producers who happened to be in the region. I am not sure that I was right then, but I think that that is a great danger. It is certainly a great fear and it is one of the greatest reasons for fear among the beef producers on the Prairies.

Producers on the Prairies were told over and over again by Government experts, until they were tired of it, that they should get out of the grain business, or reduce their grain production, and get into livestock. We used to ask for support for the grain producers, and people would say, "Oh, those lazy guys just want to farm for a few months in the summer and then take off for Florida in the winter." I doubt that even one-half of one per cent of those grain producers have ever been in Florida or any other place with that kind of climate, but the point is that they were advised to go into beef production and, following that advice, they have gone into it in a great way and have been very successful.

The farmers who count in the main so far as I am concerned, and the ones we should be interested in, are those who have under 100 head of cattle. They form the bulk of the producers, and we should be very careful not to load them with a marketing agency that reduces, either deliberately or otherwise, their opportunities to earn a living in the beef business by transferring their production to the larger producers.

Having said that, I must say that I was very pleased, in looking over the bill, to see that the Government has gone a considerable distance in endeavouring to make it impossible for that kind of thing to happen. The Government has established a council, which will have at least three members, but not more than nine. One-third of the members of the council will come from the four western provinces, one-third from the four Atlantic provinces, and one-third from the central provinces.

Hon. Mr. Langlois: And 50 per cent of them should be producers.

Hon. Mr. Argue: Yes, 50 per cent should be actual producers. That is a good step in the right direction. Certainly, as one from the far reaches of Canada, I cannot complain about the representation for central Canada. I think they would have a strong case for a slightly larger representation than one third.

All that aside, I think there should be further amendments to this particular section of the act. Personally, I would like to see that council comprised of more than nine members. Furthermore, there should be some indication of the method by which the producers themselves will be represented or be selected. I am not arguing that the present provision is not a good one, but I am saying that, if it is possible, there should be some rules to determine who chooses the farmers who are to be on the board.

The reason I say this is that we all know that you can go out and choose three or four farmers of any particular type of mentality. The only thing common among those farmers would be that they are farmers. Simply because a man is a farmer does not necessarily make him a typical representative of the ordinary farmer. For that reason I think there should be some method for choosing these people.

Hon. Mr. Belisle: Would the honourable senator permit a question? Does he agree it would be a good thing if this bill were amended to provide that those who are appointed to this council should be selected first by their own organizations?

Hon. Mr. Argue: Perhaps, but that does not necessarily meet the point I have in mind. You can name any organization you like—and this may be woolly thinking, in your opinion—but I am not 100 per cent sure that the person that organization would choose would be the typical person. However, I certainly admit that if the four sections of the Canadian Federation of Agriculture in western Canada, for example, were to have an open meeting to discuss the merits of some person they were recommending, and then had general agreement on that person, that would carry a great deal of weight with me. The method of selecting the council might be spelled out a little more adequately in the legislation.

Hon. Mr. Belisle: Would you agree that they would be less political appointees?

Hon. Mr. Argue: I do not know whether the Government will appoint political persons or not, but I would not discount a person because he is political. I do not think it is a crime to have been in public life in this country. I have the greatest respect for many members of parties other than the one of which I am a member, and I would be very happy with the appointment of certain persons not of my political persuasion, because I know they could do a good job. I would hate to think that any person would not be appointed simply because of his political persuasion. I would also hate to see the council loaded with members from one political party. That would not do the farmers any good.

• (1250)

Another thing I should like to suggest, honourable senators, is that consideration be given to a limitation on the term of office of the people appointed. It seems to me that if you appoint somebody to this council—a farmer or any other good person—and he is appointed for, say, 30 years, he is not going to be quite as good or quite as effective at the end of that term as he was at the beginning. Therefore I feel that farm organizations and farmers generally would be happy to see a limit imposed on the term of office which would give the opportunity of having new faces and new ideas in the council from time to time.

Hon. Mr. Fournier (De Lanaudière): May I ask the honourable senator to what political party he belongs? If we knew that we might know where he stands.

Hon. Mr. Argue: As I have said, I think there should be a larger council, and also that the members of that council who are to represent farmers should be selected by the

producers themselves, and the term of office should be limited.

I also notice, honourable senators, that one of the major amendments to this bill is found in the new clause 24 which reads as follows:

> A marketing plan to the extent that it allocates any production or marketing quota to any area of Canada, shall allocate that quota on the basis of the production from that area in relation to the total production of Canada over a period of five years immediately preceding the effective date of the marketing plan. In allocating additional quotas for anticipated growth of market demand, the marketing agency shall consider the principle of comparative advantage of production.

This is an amendment the NDP moved in the other place, which was taken up by the Government, and now finds its place in the legislation. But to me it seems that even those who are fervently supporting marketing boards recognize the dangers of giving a board the power to establish quotas and prices, and therefore they say, as they did with respect to the Wartime Prices and Trade Board during the war years, it should be governed by performance during the previous five years.

Honourable senators, with all these questions in mind I think we would be performing a useful service if we were to hear even at this stage representations from farm organizations, particularly in light of the major amendments made in the last few hours.

Hon. Mr. Sparrow: Honourable senators, I am not rising to speak in the debate at this stage; I simply want to make a comment. I am not prepared to speak on second reading of this bill today because I do not have sufficient knowledge of it at the moment. It is very difficult to go through the bill in the time between its passage in the other house and now.

Therefore I move, seconded by Senator Molgat, that this debate be adjourned until Tuesday, January 11.

Hon. Mr. Argue: At 11 a.m.?

Hon. Mr. Sparrow: At 11 a.m.

The Hon. the Speaker: It is moved by the honourable Senator Sparrow, seconded by the honourable Senator Molgat, that this debate be adjourned until Tuesday, January 11 at 11 a.m.

I must say at this time that the motion to adjourn the debate is not itself debatable. It is votable, but not debatable.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Fournier (De Lanaudière): With Your Honour's permission, I rise on a point of order.

The Hon. the Speaker: Is it a question of privilege?

Hon. Mr. Fournier (De Lanaudière): It is not a question of privilege because I do not feel that my honour is concerned in any way. But if Your Honour will permit me, I should like to rise on a point of order.

The Hon. the Speaker: I will listen to the point you have to make.

[Hon. Mr. Argue.]

Hon. Mr. Fournier (De Lanaudière): This is an important time, and I would like the honourable gentleman who moved the adjournment to give us his reasons for doing so.

Hon. Mr. Benidickson: It is not debatable.

Hon. Mr. Fournier (De Lanaudière): If he has no reason at all, why adjourn it until January 11?

The Hon. the Speaker: Honourable senators, I must point out that we are governed by our rules, and under the rules the motion to adjourn the debate is not debatable.

A motion has been made and I am going to put the question now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: As there is uncertainty, will those in favour of the honourable Senator Sparrow's motion please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those against please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1300)

Motion of Hon. Mr. Sparrow negatived on the following division:

YEAS

Honourable Senators

Argue	Grosart
Belisle	McGrand
Benidickson	Molgat
Fergusson	Phillips
Forsey	Sparrow—10.

NAYS

Honourable Senators

Aird	Lafond
Basha	Langlois
Bourget	Lapointe
Bourque	Lefrançois
Connolly (*Ottawa West*)	Martin
Davey	McElman
Duggan	McNamara
Fournier (*De Lanaudière*)	Michaud
Goldenberg	Petten
Hastings	Stanbury—21.
Hays	

The Hon. the Speaker: I declare the motion lost.

Hon. Mr. Argue: It is one o'clock.

Hon. Mr. Langlois: Honourable senators, since the debate is apparently concluded, and we have heard the last speech on this—

Some Hon. Senators: No.

Hon. Mr. Molgat: It is my intention to speak on second reading. Are we to proceed now, or break for lunch?

Hon. Mr. Martin: I move the adjournment of the house until two o'clock.

The Senate adjourned until 2 p.m.

At 2 p.m. the sitting was resumed.

Hon. Allister Grosart: Honourable senators, the brief recess allowed me to examine as best I could one of the essential amendments made to this bill, and it is possible it was made in the wee small hours of the morning. I refer to what is described as the first amendment, clause 2 paragraph (c) which defines "Farm product".

The reason I rise at this time—and I will speak only on this amendment—is that this amendment seems to have created a great deal of confusion as to the scope and effect of this bill. I am sorry that the sponsor of the bill is not present yet, because it was my hope to direct a question to him to clarify, if possible, the effect of this amendment.

The amendment is to the interpretation section of the act, and the purport of the amendment is to define a farm product. This is definitive as to the meaning of farm product throughout the act and, indeed, in the title of the act itself which is "An Act to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products".

The essential question before us is, what is a farm product? I see that the sponsor of the bill is now present. As I said, it is my intention to direct a question to him as to the impact of this amendment and I refer, of course, to the amendment to clause 2, paragraph (c) which now reads, having in mind the additional inclusion mentioned by Senator Langlois, as follows:

> "farm product" for the purpose of Part I, means any natural product of agriculture and any part of any such product and, for the purpose of the other provisions of this Act,—

And I emphasize that.

> —means
>
> (i) eggs, and poultry, and any part of any such product, and
>
> (ii) any other natural product of agriculture and any part of any such product in respect of which the Governor in Council is satisfied, as a result of declarations by provincial governments following plebiscites, or otherwise, that the majority of the producers thereof in Canada is in favour of the establishment of an agency under section 17 with powers relating to that product;

It has been suggested to me that this amendment creates, in fact, a new bill. If my interpretation of this definition is correct, we have before us a completely new bill. This was the suggestion made by Senator Benidickson in the quotation he made from a statement by the President of the National Farmers Union. It would seem to me, upon reading the amendment, that the only farm products that come automatically under this act are eggs, poultry, and any part of any such product.

The second subparagraph of clause 2 sets out certain conditions under which any other product can be described as a farm product. I believe all honourable senators have the amendment before them. The conditions, I suggest, are that it must be a natural product of agriculture or any part of any such product in respect of which the Governor in Council is satisfied, as a result of declarations by provincial governments following plebiscites, or otherwise, that the majority of the producers thereof in Canada is in favour of the establishment of an agency under section 17 with powers relating to that product.

Surely, coming in the definitive section, this makes it clear that we now have a provincial veto which is almost at variance with some of the statements that have been made as to the effect of the act and certainly at variance with the minister's statement when he originally introduced the act. I would ask the sponsor of the bill (Hon. Mr. Hays) to comment on this, if he will, because it seems to me that this amendment has completely confused the bill. There is, I suggest, no way of knowing clearly what the bill now means. For example, to be a farm product the Governor in Council must be satisfied "as a result"—he cannot be satisfied any other way; this is my interpretation—he can be satisfied only "as a result of declarations by provincial governments following plebiscites", and so on, that the majority of producers want to come under the bill. Does this mean that one provincial government can veto the whole product nationally? Does it mean that one provincial government can veto the intervention of the federal board only in that province? I suggest there is so much confusion apparent, superficially at least, in this amendment that we need much more time to consider its effect.

I say that because this is a new bill. If this amendment is interpreted as I have suggested, the Senate must, in committee at least, call this to the attention of national farm organizations, and anyone who may in any way be affected by this complete change, so that they can make representations to this chamber. This is particularly important, as I think Senator Sparrow said earlier, because of the responsibility of this house to consider the interests of the provinces as such.

I have asked some eminent authorities, in the Senate and elsewhere, to give me their interpretation of this amendment. All I can say at the moment is that the interpretations vary from A to Z. Obviously it would be

helpful if one could read the proceedings in the other place to see what was the intent and the understanding of the meaning of this amendment. Unfortunately, the proceedings are not available. In the recess I made an effort to obtain the proceedings, but I was told by the Assistant Editor of *Debates* in the other place that the printed proceedings would not be available until four or five o'clock today at the earliest. I then asked if it would be possible for me to obtain the "blues", the unrevised transcript of proceedings, relating to this amendment, but I was told that the copy was not available. I am not being critical, because a very good explanation was given to me as to why it was not available.

Hon. Mr. Langlois: It would be required for the purpose of printing.

Hon. Mr. Grosart: I say, a very good explanation was given to me why the copy was not available. However, we are then faced with a situation in which we have an amendment that seems to go to the heart of the whole intent of the bill. We have no way of knowing how it is interpreted by the minister, who presumably moved the motion. As a matter of fact, we do not know who moved the amendment. We have no way of knowing at this point who moved the amedment, whether the minister accepted it, whether it was on a vote against the minister's wish. Therefore, to clarify the question, I would now ask the sponsor of the bill to give his appraisal of this amendment, as I know he has studied it and is an expert. Does it provide for a provincial veto in respect to the intervention of the federal marketing board, or does it not?

• (1410)

Hon. Mr. Hays: Honourable senators, I do not know whether I can answer all of the questions Senator Grosart has posed. This morning I probably misled the house if I indicated that a commodity could be put in under this umbrella, by an agency or otherwise. It does have to be a declaration, as the senator pointed out, by the province, stating that a certain group of producers, by plebiscite or otherwise, have convinced the province that they would like to be part of Bill C-176. This is a correct assumption.

It seems to me that the honourable senator asked about all natural products or all animal products. That could be deemed to be beef, turkey, poultry, hogs and all the various things of that kind that come into the world naturally.

I would suggest that as the minister will be here today and will have his top officials with him, that would be a suitable opportunity to obtain this information. We could send the bill to the Standing Committee on Banking, Trade and Commerce, where these questions could be posed and could be answered, and we would all be more enlightened at that point.

Honourable senators, I can scarcely agree that this is a new bill. We are still living with the constitutional problems in regard to an overall act to replace all the provincial acts. One thing I am concerned about, and I am sure all the provinces are concerned about, is that the provinces want this legislation. It is fairly urgent. I realize that the Senate can discuss this as long as it wishes, and it may be that this is desirable. At the same time, it would be well if these questions could be put when the minister is here. He is prepared to stay as long as the Senate wishes, and he will have his officials with him.

[Hon. Mr. Grosart.]

Hon. Mr. Grosart: Honourable senators, the point I was making is well illustrated in the remarks made by Senator Hays. I should say at this stage, first of all, that we are debating the principle of the bill. The point I am making is that this amendment changes the whole principle of the bill and it is at this stage that we have to decide whether this bill in principle has the approval of the Senate before it goes to a committee. While it is helpful, it is not a conclusive argument that we should wait until we get the explanation from the minister.

Hon. Mr. Hays: As far as poultry and poultry products are concerned, there is no change. This is the part of the bill which the provinces are very anxious to have. Other provinces have to opt in, as Senator Grosart mentioned, by a declaration of the province, if they have sufficient proof to indicate that their producers want to be part of the scheme.

Hon. Mr. Grosart: I agree with that entirely, because over and over again we have heard it said by the minister and others that one of the reasons this bill should be passed by both Houses of Parliament is that it has the approval in principle of the ten provinces, leaving aside, perhaps, the qualification by Manitoba. But Manitoba's qualification, as I understand it, was a request for a provincial veto. I think that has now been provided. That, of course, raises the point whether the agreement of the provinces to have this federal authority granted in principle now applies. Does it apply to the old bill or to the new bill? I do not know. Nor do I know what the attitude of the provinces may be to this bill, which I say is a new bill. If it is now introducing a complete provincial veto—and I do not know whether it is a veto in one province or a veto of the whole national marketing scheme—it is certainly not implicit in this amendment. That is why I say I do not think there is the least hope in the world that this chamber can deal adequately with this bill unless it is prepared to give an opportunity to every person who may be affected by the fundamental change—because even if it does not create a new bill it certainly makes a fundamental change in the whole concept of this bill.

Hon. Mr. Langlois: In adding a new product only.

Hon. Mr. Belisle: Honourable senators, in view of the fact that we are dealing with the very principle of this bill, may I be permitted to put a question to the sponsor? In the light of his having said that the minister is available today, is he suggesting to the house that we should be satisfied only with the minister's views, or is it possible that the minister is not available next week?

Hon. Mr. Hays: I cannot answer that question. I know that he is available today. I would hope that we could question him today, because I think it is very important.

Hon. Mr. Belisle: What about Mr. Atkinson and the others? Are you going to be satisfied only with what the minister has to say?

Hon. Mr. Langlois: That would be a matter for the committee to decide. We cannot answer for the committee in this place.

Hon. Mr. Argue: But surely your opinion is important, especially as a member of the committee.

Hon. Mr. Langlois: Because you are not a member.

Hon. Mr. Argue: That is right. Farmers are excluded.

Hon. Mr. Phillips: Honourable senators, having had somewhat of a Presbyterian indoctrination, may I ask the sponsor if it is pre-ordained that we must question the minister today and not next week?

Hon. Mr. Hays: I would not say that, but he is available today and there are some senators who would like to question him today. The matter is certainly fresh in his mind.

Hon. Mr. Argue: May I be permitted to ask the Deputy Leader (Hon. Mr. Langlois) a question? Some of us who are vitally interested in this bill are not members of the Standing Senate Committee on Banking, Trade and Commerce. I wounder if some substitution might be made so that we could go to that committee as members of the committee and not just as visitors to it? I believe there are members of the committee who are not here today so that there would be a sufficient number of vacant chairs for those of us who would like to be there as members of that committee for the purpose of dealing with this bill.

The Hon. the Speaker: Order, please. There is a disturbance in the gallery. May I ask the officer in charge of the gallery to see to it that the persons causing the disturbance are removed.

Hon. Mr. Langlois: Before answering your question, Senator Argue, I should first like to know if there are any vacancies on the committee.

Hon. Gildas L. Molgat: Honourable senators, the honourable sponsor of this bill is a very knowledgeable man not only in the field covered by this bill, but in the whole field of agriculture. I do not pretend for one moment to have the degree of knowledge that is his in the field of agriculture.

He indicated this morning in explaining the background of this bill that there had been long discussions not only in the other place but in the Canadian agricultural industry, and that this has been a very controversial bill. For that very reason the Senate owes it to itself and to the people of Canada to study the bill carefully in order to know before it is passed exactly what it will do.

• (1420)

Two of the categories covered in the bill have created very little controversy, as I have followed the debate. These are the chicken and egg categories. There seems to have been general agreement across Canada that something needed to be done in this field. Certainly the "chicken and egg" war last year was not in the interests of Canada; it was destructive of good Canadian internal trade patterns. It was questioned, as we all know, in the Supreme Court of Canada. It is something which in my view we have to be very careful about, and steps should be taken to ensure that this type of provincial restriction on trade does not continue.

In this area I can support the obviously general agreement that we should move ahead. There has, however, been great controversy in the field of cattle and hogs, and the objections here have come from the producer groups themselves. This in many ways reflects the traditional Canadian problem, the problem of regionalism—the fact that our regions are not identical, that they are not at the same stage of economic development, and that they do not follow the same farming practices.

Therefore, a bill to cover the whole of Canada is difficult to achieve if you are going to satisfy the bulk of the producers involved. That does not mean that the federal Government should not act. I think it is proper to have some enabling legislation so that the provinces can in fact proceed if there is a genuine desire on the part of the producers to establish national boards.

For many years the provinces, including my own, have been involved in provincial boards. They can operate to a certain extent, but they are limited in the final analysis. When we talk about the cost-price squeeze in agriculture, one of the elements that is most obvious is the increase in price. Marketing boards, by their system of operation and control of production at times, and control of marketing procedures, can obviously produce a better return for the farmers. If the farmers want to proceed in that direction, then I am anxious to have the legislation passed so that they can do so, but there is a real problem whenever you establish a producer marketing board.

First of all there is the question of identifying a producer. Does the man who has one sow and raises a few pigs per year qualify as a producer compared to a man with an operation involving 500 sows? Is someone with three head of cattle entitled to vote on the same basis as a rancher in Alberta who may be running 500 head? Is someone who is a part-time farmer regarded as a producer in the same sense as one who is depending completely on a farming operation? Is someone who is a partial producer of, say, cattle, in the same position as a man whose whole operation depends upon livestock? This is why there is concern in western Canada about the effects of this bill.

I will be frank and admit that the present bill is a big improvement over the one that was first introduced. The regional considerations of the council in particular are very important to western producers. The provision that one-third of the board members must be Westerners and one-third Maritimers is, in our opinion a very important change. It recognizes the need for regional representation. We agree with that, but are still concerned as to the total effect of this bill on our agricultural production. It may not be bad; I do not know. That is my problem.

I know this much, that due to other agricultural policies my own province, Manitoba, suffered badly. The Canadian Dairy Commission has been considered to be a success. In its totality I think it has been a success, but in the Province of Manitoba it certainly has not been so for a large number of producers. In past years we were exporters of butter, and we now find ourselves in the position of being importers. In past years many farmers in the marginal areas were able to operate small herds—not as a means of livelihood, but as part of a total farming picture—which they milked, and the cream kept local industry going in the form of small creameries dotted around the Manitoba farming areas, and now these activities have ceased. The creameries are closed, and our province is in a deficit butter position.

We cannot agree, therefore, that this type of centralization policy. imposed by a bureaucracy. is to the advantage of our province. That is the reason for our concern when

we see a movement towards centralization. That does not mean we will not accept it. We may in the final analysis decide that it is in our best interests, and those of Canada. We do not intend to be dog in the manger with respect to this, but we do not wish to be pushed into it without knowing what we are getting into.

Hon. Mr. Grosart: Hear, hear.

Hon. Mr. Molgat: That is the concern of the western groups who opposed the legislation as it was originally presented. They are important groups, such as the United Grain Growers, a very old and reputable western producer grain company, Unifarm in Alberta, the four provincial hog producer groups—one in Manitoba, two in Saskatchewan, and one in Alberta—and the three stock growers' associations, in Manitoba, Saskatchewan and Alberta. The Canadian Cattlemen's Association also took exception to the original bill.

Although changes have been made, we are faced today with three amendments which we did not see until today. I arrived at 10 o'clock this morning and immediately sought out the amendments, which I obtained through the office of a member of Parliament. I attempted to discover exactly what they mean by making telephone calls to Manitoba to discuss the amendments with the concerned associations. I was successful in reaching only one. The offices are, by and large, closed and will remain so tomorrow, Sunday, and, in some cases, Monday. Nevertheless, I feel that I have a responsibility to consult with those who objected in the past to this legislation, in order to find out from them the effect of these amendments.

This is why Senator Sparrow moved, and I seconded, his motion this morning that the Senate should adjourn this debate and meet on January 11, which would afford an opportunity to discuss the bill with those who have objected to it in the past, in order to discover the effect of these amendments. I recognize that it may seem to be a long period of time between now and January 11. We feel, however, that this time is needed to enable us to make contact with the producer groups. The Senate decided this was not to be, and I respect that choice.

• (1430)

Quite frankly, I would prefer another course of action. I suggest that the bill be referred this afternoon to the Standing Senate Committee on Banking, Trade and Commerce with the understanding that the committee be asked to sit next Thursday at 11 a.m. Although I am not a member of the committee, I would undertake to consult, between now and next Thursday, with those groups in my province who are concerned about this matter, including the provincial government, and to return to Ottawa to attend the meeting of the committee.

It seems to me that if we proceed immediately I shall not be in a position to discuss the amendments knowledgeably, because I am not be in possession of full details. This is not my field of enterprise and, in fairness to my province and to those groups who are concerned about the matter, I should be permitted this opportunity for consultation. No doubt my colleagues from other provinces would wish the same.

That would be my first choice. However, if we complete our debate on the principle of the bill this afternoon, and agree that the committee shall meet next Thursday, I will undertake to be present. If agreement cannot be reached, I am prepared to support a motion that the Senate meet on Wednesday or Thursday next, but it would be preferable to establish the committee this afternoon on the understanding that it should meet again next Thursday.

We owe it to ourselves and to the areas we represent to properly assess the effect of these amendments. When meeting with the minister we should be in a position to question him intelligently in the light of information we have been able to obtain from those most directly affected by the legislation, namely, the producer groups.

Hon. Mr. Grosart: I rise on a point of order. We have just heard an interesting suggestion made by Senator Molgat that the committee be instructed on when it should meet. I recall to mind some rulings by His Honour on similar motions made earlier. In order to clarify the situation, perhaps His Honour would rule on whether a motion to so instruct the committee is acceptable.

Hon. Mr. Molgat: I do not believe I used the word "instructed". I was cautious not to use that word, because as I understand the rules—and certainly this was my understanding when I was a member of the Manitoba Legislature—we cannot instruct the committee. However, it is possible for the committee to be asked by mutual consent.

Hon. H. Carl Goldenberg: Honourable senators, I do not rise to discuss the merits of this bill. Since I am a Montreal lawyer, honourable senators would not expect me to be an authority on farm products legislation. I want to deal with only one point, which was raised by the Acting Leader of the Opposition (Hon. Mr. Grosart), and which he was good enough to discuss with me before the luncheon adjournment. I refer to the interpretation of the first amendment, that is clause 2(c).

Senator Grosart asked the sponsor of this measure whether declarations from provincial governments would be necessary in order to determine whether any other natural product should be covered in the same way as poultry and eggs are covered. Senator Hays replied that declarations from the provincial governments would be required. The Acting Leader of the Opposition then said that this means a provincial veto, and that it introduces an entirely new principle. I submit, with deference, that this does not mean a provincial veto. We have but to read this amendment to see that it does not change the principle of the bill at all. What this says by way of definition of "farm product" is:

• (1440)

> (ii) any other natural product of agriculture and any part of any such product in respect of which the Governor in Council is satisfied—

Following this there is a conditional clause, but the important words, I submit, are that the Governor in Council is satisfied that "the majority of the producers thereof in Canada is in favour of the establishment of an agency . . ." The Governor in Council has to be satisfied that there is a majority, and the Governor in Council will be satisfied "as a result of declarations by provincial governments following plebiscites, or otherwise." This does not say that any provincial government has a right of veto. Having received declarations from all the provincial governments

concerned, the Governor in Council will then decide whether or not a majority of the producers across Canada is in favour of the establishment of an agency.

I submit, with deference, that that is the meaning of this clause, and that it cannot mean that any individual provincial government can veto a proposal if the declarations by all the governments across the country show that the majority of producers want the establishment of an agency.

Hon. Mr. Benidickson: You used the words "all governments". The word "all" is not in the amendment. Do you interpret clause 2(c)(ii) to mean all provincial governments?

Hon. Mr. Goldenberg: No, not necessarily all provincial governments. The provincial governments involved, yes. There could be two, three, four or more provincial governments involved. It does not say "all provincial governments".

Hon. Mr. Grosart: On a point of clarification, I was interested to hear Senator Goldenberg use the phrase "all provincial governments". I believe *Hansard* will show that Senator Goldenberg used that phrase. His argument was that this was not a veto granted to any particular government, because if all provincial governments agree, then the Governor in Council can act. Well, if all provincial governments have to agree, then that is, of course, a veto. This is not the whole point, of course.

I suggest that this definitive clause leaves the whole thing up in the air. Does anyone know whether it means that one provincial government can veto a whole scheme?

Some Hon. Senators: No, no.

Hon Mr. Grosart: I am just asking. Does it mean that? Does it make clauses 3, 4, 5, 6 and 7 completely inoperative unless there is a declaration by provincial governments? Does this mean by any one provincial government, by two or three provincial governments, or by all provincial governments?

The point I am making is that because this amendment was probably drafted in the small hours of the morning, it is completely impossible for any person knowing something of the interpretation of statutes, which I believe I do, and knowing something of the English language, which I believe I do, to interpret it.

It has been suggested that we call the minister to find out what he thinks it means. Well, that is meaningless. What the minister thinks it means will have no effect whatsoever on the interpretation by the courts of this amendment, and it will have no effect whatsoever on the scope and effect of the amendment. I do not care what the minister thinks it means; I do not care what the House of Commons thought it meant. The only thing that counts and the only thing we are concerned with in our capacity as a second chamber examining the language of legislation is, "What does it mean?" This is a matter that we have to speak to now on the principle of the bill.

Hon. Mr. Goldenberg: By way of correction, when I said "all provincial governments" I meant all provincial governments concerned. There is a definition of regulated products in section 2(g) which states:

> "regulated product" means any farm product to the extent that it is grown or produced
>
> (i) anywhere in Canada, if an agency is authorized to exercise its powers in relation to any such product grown or produced in Canada, or
>
> (ii) in any region of Canada—

This means that it might be all of the provinces of Canada or only the provinces included in the region. Nowhere does this bill say that there must be unanimity. All that the provinces are doing is making declarations, from the sum total of which the Governor in Council will decide whether or not a majority of the producers is in favour of the establishment of an agency.

Hon. Mr. Benidickson: That is clear.

Hon. Orville H. Phillips: Honourable senators, I attempted to rise earlier, but, unfortunately, as in the past, no one seems to recognize us on this side of the house.

The Hon. the Speaker: Order, please. I will not accept that, Senator Phillips. I cannot accept an honourable senator telling me that I did not give those to my left an opportunity to express their views.

Hon. Mr. Fournier (de Lanaudière): Perhaps you could ask the honourable senator to speak in clear English.

Hon. Mr. Phillips: I am just attempting to point out that there was a question of order raised, and I do not believe there was a ruling made on that point of order. The debate switched into what I would call the "Martinization" of the Senate. Once a point of order is raised, it is my understanding, after 15 years in Parliament, that there should be a ruling made on that point of order. I have a great deal of sympathy with the attempts of the honourable Senator Molgat, and I would appreciate Your Honour at this time making a ruling on that point of order.

The Hon. the Speaker: There was a suggestion by the honourable Senator Molgat that the committee be instructed by the Senate to meet on a certain date. There was no formal motion. He was suggesting this as a course of action to be followed by the Senate, and then the honourable Senator Grosart rose on a point of order, saying that a week or two ago I decided that a committee should not receive instructions from the Senate. Immediately after that the honourable Senator Molgat rose and he clarified his position, saying that there would be no instructions to the committee, but that this would be done by agreement. Since there was no formal motion I decided that the point should not be pursued, and that was my ruling. I stand by the ruling made earlier that a committee should not receive instructions from the Senate.

• (1450)

Hon. Mr. Langlois: Mr. Speaker, I have several times tried to catch your eye. I make no complaint, because I know how difficult your position is; it is very difficult to recognize everyone who rises in this place during a debate of this kind. My purpose in rising at this time is not to comment on the point of order raised but to comment on the suggestion made by my honourable friend Senator Molgat.

If I understood him correctly, he was seeking an understanding of some kind, although I do not know with

whom. I am trying to understand his position. I know that he and his colleagues who have taken a similar attitude are not members of the Standing Senate Committee on Banking, Trade and Commerce. As I am a member, I would be prepared to move his suggested motion in committee. I cannot give an undertaking that my colleagues on the committee will vote for the motion. That is as far as I can go. There would also have to be agreement by the committee members on the date of adjournment; that would depend on what the committee decided to do. If the committee decided to call witnesses from western Canada or eastern Canada, the delay of a week, as suggested by Senator Molgat, might not be long enough; the committee might need a longer period, until, say, the middle of the month. I am prepared to move a motion to that effect as soon as we know what the committee intends to do. As I say, I can make no commitment and give no undertaking on behalf of my fellow members of the committee. I repeat, I am ready to move the motion he suggests, if he wishes me to do so.

Hon. Mr. Martin: And you have a lot of influence there.

Hon. Mr. Langlois: I would further suggest that if the committee decides to agree to such a motion, the Senate should adjourn to a date sufficiently far in the future to allow the committee to do its work and make its report. The Senate should be subject to recall whenever the committee has completed its work. If the suggested motion is carried in committee, I further undertake to move, later this day, the appropriate adjournment motion in this chamber. I would suggest that the bill go to committee as soon as possible in order that it may be able to decide its own course.

Hon. Mr. Fournier (De Lanaudière): I am completely in accord with what Senator Langlois has said. However, before I take a decision I should like to hear from the honourable Senator Molgat why we should send this to a committee. We have not heard anything about that yet.

Hon. Mr. Molgat: I thank Senator Langlois very much for his proposal. Since it comes from a man in his position, both on the committee and here in the Senate, it would be an acceptable suggestion to me. I think the other members of the committee would see the reasonableness of the request. In those circumstances, I am prepared to accept his proposal, and would not suggest that we perhaps adjourn the Senate until next week; rather, we should adopt his proposal that the Senate adjourn subject to recall once the work of the committee is completed, on the understanding that he will move that the committee sit, if not next week, at some later date.

Hon. Mr. Martin: This can be discussed in committee.

Hon. Mr. Molgat: Yes.

Hon. Mr. Sparrow: Honourable senators, so far I have spoken only shortly on a motion for adjournment, and I want to discuss it again, as I believe is my right, because according to recent changes in our rules a senator may speak as many times on motions as is desired.

Hon. Mr. Martin: I do not want to object to Senator Sparrow speaking, but our rules have not changed. They were changed up until the end of June last. If Senator Sparrow speaks now he will be speaking on second reading. He made it clear when he spoke earlier that he was not speaking on second reading but on a particular proposal. He is now speaking on second reading, and under our rules he can speak only once on second reading.

Hon. Mr. Grosart: On a point of order. I would ask Your Honour's ruling on the statement made by the Leader of the Government as to the termination of the suspension of the rules.

Hon. Mr. Martin: It is a question of fact.

The Hon. the Speaker: Honourable senators, Rule 28 has been suspended for the balance of the present session. This extract can be found at page 286 in the *Minutes of Proceedings of the Senate* of Thursday, May 13, 1971. Therefore, since this rule has been suspended an honourable senator can speak more than once.

Hon. Mr. Martin: I do not think that is the situation, but we will look into it.

Hon. Mr. Grosart: On a point of order. Your Honour has ruled. I would suggest that it is quite improper for the Leader of the Government to rise and question Your Honour's ruling, as I understand it.

Hon. Mr. Langlois: He was not questioning it. He did not question it. You did not hear him.

Hon. Mr. Grosart: My understanding is that Your Honour ruled that the rule prohibiting a senator from speaking twice on a motion has been suspended for the balance of the present session. Am I correct, Your Honour?

The Hon. the Speaker: Yes.

Hon. Mr. Grosart: Thank you.

Hon. Mr. Sparrow: Mr. Speaker, do I understand I have the right to speak as many times as I wish?

The Hon. the Speaker: Yes.

Hon. Mr. Grosart: Speak as often as you like.

Hon. Mr. Sparrow: Thank you, Your Honour.

Earlier today the Deputy Leader of the Government (Hon. Mr. Langlois) assured us again that there was no pressure on the Senate to pass this bill in any hurry. He said it could be discussed for as long as we desired in this chamber, and for as long as we desired in committee. I would beg to differ somewhat with that statement. Not being aware that the Senate may be sitting today, I received a telephone call in North Battleford, Saskatchewan, at seven o'clock Wednesday evening, and a telegram about an hour later, informing me that the Senate was meeting at eleven o'clock Friday morning. At this time of the year, with reservations as tight as they are, I had no idea whether I could get to this important session. Immediately after receiving the telegram I phoned for a reservation on an aircraft to get me here in time. I went on the waiting list, and fortunately—or unfortunately, as the case may be—I am here.

• (1500)

Honourable senators, the Standing Committee on Banking, Trade and Commerce, to which it is hoped by many that this bill will be referred today, has but one member

from western Canada here today. I refer to the Honourable Harry Hays, the sponsor of this bill.

Two other members of the committee, Senator Buckwold from Saskatoon and Senator Everett from Winnipeg, are not here. I do not know why they are not here, but I can understand their absence knowing the trouble I had in obtaining a reservation. So we have in that committee, which is going to consider and study this important legislation, the voting power of one senator from western Canada.

Hon. Mr. Argue: And only 8 out of 30 altogether.

Hon. Mr. Sparrow: Honourable senators, I do not want to go into the defeat of my motion. I have been in this chamber for nearly four years and never have I been forced to speak to a bill which was so recently passed by the other house. I have never been expected to become knowledgeable enough to discuss such an important bill within a few hours.

Hon. Mr. Argue: Hear, hear.

Hon. Mr. Sparrow: I think this chamber owes me and every other senator the right to speak on second reading in a knowledgeable manner, after having had an opportunity of studying the bill itself and the amendments. I am not in any position to discuss this bill clause by clause, and I do not think any senator would expect me to be capable or qualified to speak in this debate. This bill was passed by the other place at 6.30 this morning. I did not get up until 7, and I had to leave at 9 for our meeting here at 11.

We should have an opportunity to study the bill, and discuss it on second reading. If I have not that opportunity, how are the members of the committee to know the opinions I or others have on this bill so that they may vote intelligently in committee?

The motion for the adjournment of the debate was voted down today. That motion was intended to provide an opportunity to study the bill, to meet with our people and talk to those concerned about it. I feel we shall have no opportunity to do that, if this has to be considered by the committee this afternoon, and reported back for third reading today.

I have not had an opportunity of studying the bill and, therefore, I do not have the knowledge which would enable me to ask intelligent questions in the committee this afternoon. No matter how strong may be the powerhouse referred to by Senator Hays, who said that the officials will be there to answer questions, what good is that when I have not had time to develop the questions I may wish to ask of the minister and the officials?

Senator Goldenberg mentioned that in the amendment to the bill the word "plebiscites" occurs. I need time to talk to people, the provincial government and the initiatory people, about this. The amendment reads in part:

> (ii) any other natural product of agriculture and any part of any such product in respect of which the Governor in Council is satisfied, as a result of declarations by provincial governments following plebiscites, or otherwise, that the majority of the producers thereof in Canada is in favour of the establishment of an agency under section 17 with powers relating to that product;

I do not have the figures, and I need the figures, as to how many producers we have in western Canada, how many producers in Ontario, and how many producers in the Maritimes. I am not so sure that I am prepared to ask any particular individual to answer those questions, or that I expect them to be answered today. There is need for time to get those figures.

Is there a majority of the producers of this country congregated in one province, or is there not? I do not know. If this is a "majority of the producers", it does not have to be a majority of the provinces that apply for it? At least, that is the way I understood what Senator Goldenberg said. The text says a "majority of the producers". If there are 1500 producers in western Canada and 1501 in Ontario, then the western provinces do not have a say. It may be that we have more producers, or that there is an equal number. I do not know the answer to that question and wish to have the answer, since without it it is impossible to argue intelligently.

All the producers in Canada would be anxious to have a marketing board which works for the benefit of all Canadians. We do not want one that may very well be a detriment to some provinces or some regions of the country. That is one of the reasons why we need those answers.

I do not think I can get those facts and figures in either the house or the committee between now and the time that rumour has scheduled royal assent, for which everyone is waiting, at 6 o'clock. The members are all ready to pile in, so I do not think I shall have the time in committee to obtain the information I need. As I mentioned, I need sufficient time—at least all of next week—to try to get the answers to these questions that are in my mind.

I do not want to speak out of turn, but I think it is correct to say that in our area of the country there is not a farm organization official who will be found in his office today. This is New Year's eve. I doubt if one of them will be found in any office on Monday. We may be lucky enough to find such people in their offices on Tuesday next. Even if this house meets on Tuesday next, we will not have sufficient time to obtain the information.

Hon. Mr. Fournier (De Lanaudière): May I ask the honourable senator a question? What is the item of the bill to which he is referring? I cannot follow him unless I have the reference.

Hon. Mr. Sparrow: I am speaking about the insert that is made available with the bill. That may be more familiar to the honourable senator. I am referring to paragraph (ii) of subclause (c).

Hon. Mr. Fournier (De Lanaudière): Would you kindly read it, please?

Hon. Mr. Sparrow: It is the third paragraph of the insert provided with the bill.

Hon. Mr. Belisle: Your Honour, if I understood correctly the observation made by Senator Sparrow, one of his constituents had received information that we were to be called back at 11 o'clock on Friday morning. If my memory is correct, the telegram I received from Your Honour read in that way. I received a phone call first and then the telegram at 10 o'clock at night. Could you inform us, Your Honour, whether you received that same information last Wednesday?

• (1510)

The Hon. the Speaker: So far as the telegram to reassemble today is concerned, I am afraid I would have to ask the Government Leader to give you further information because I, personally, cannot. The rule is that when the Senate is recalled, a telegram under the name of the Speaker is sent to each senator informing him of the time of the sitting. In this particular case it was 11 o'clock today. That rule was complied with. I cannot say any more than that.

Hon. Mr. Sparrow: Honourable senators, I understood that the question was directed to me pertaining to whether it was Saturday or Friday. Is that correct? My telegram read "Friday morning at 11 o'clock." If I happened to say that it was Saturday, then I was in error.

Hon. Mr. Belisle: But did I not understand you to say also that you had received a telephone call from one of your constituents informing you that the Senate would be meeting?

Hon. Mr. Sparrow: No, I was the only constituent. I received the telephone call and the telegram both. The telegram read "Friday at 11 o'clock." What I was saying with respect to the telephone call is that I had an office phone call from Ottawa informing me that it was very likely the Senate would meet. I appreciated very much having that telephone call, because it was a little bit of advance notice. The telegram came shortly after that calling the Senate into session at 11 o'clock on Friday morning. My reason for raising this matter was that, owing to the fact that I was preparing to go away, it was only by chance that I was even able to be here.

I must say that I appreciate Senator Belisle's having put his question to me, because it had the effect of slowing me down, which is probably a good thing.

If I may just finish my remarks, I should like to state very simply that I am really not in a position to look at this bill and to discuss it intelligently today, either here or in committee, and I do hope that I will have the opportunity later to discuss the details on second reading.

Hon. Mr. Phillips: Honourable senators, I do not intend at this time to make my main remarks on the bill. However, I find myself so much in agreement with the remarks of Senator Sparrow that I feel I should say to him that I wish he would make that type of speech more often. If he did, he would very much enhance this honourable chamber.

I understand the problems this bill raises for both Senator Sparrow and Senator Molgat, and I will attempt to deal with those problems for a few moments later on. At this time I should like to follow the traditional pattern and congratulate the mover of the bill. When the tax bill was before the Standing Senate Committee on Banking, Trade and Commerce, Senator Hays, in reply to a question I had raised, said that he had sold a good many bulls during his lifetime. I replied that, yes, he had sold a lot of bull and had made a lot of profit on it. And he really did not disagree with that.

Hon. Mr. Fournier (De Lanaudière): May I ask to whom is the honourable gentleman referring?

[Hon. Mr. Belisle.]

Hon. Mr. Phillips: He did not disagree with that. In fact, he received it in the jocular vein in which it was given.

Hon. Mr. Fournier (De Lanaudière): Would the honourable gentleman repeat what he said?

Hon. Mr. Phillips: May I suggest to Senator Fournier that he accept a bit of professional advice. He needs to develop his masseter muscle. Your masseter muscle is the one which allows you to bring your lower and upper jaws together or, in other words, keep your mouth shut. Have I made myself clear, sir?

Hon. Mr. Fournier (De Lanaudière): Yes.

Hon. Mr. Phillips: Well, then, accept the advice or I will send you a bill for it.

Hon. Mr. Langlois: Are you a dentist?

Hon. Mr. Phillips: Yes, I am. Moreover, the honourable Senator Hays knows me well enough that he would not expect me to throw him a bouquet without putting a bit of a brick in it.

To continue, I should like to say that, as Minister of Agriculture, Senator Hays was outstanding as is the present Minister of Agriculture outstanding. The only thing is, unfortunately, they are both outstanding failures. If you want to verify that, just go to the farmers of this country and realize their plight.

Another point I should like to make at this time is what I refer to as the in-rank crossing of the aisles here in what I call the "Martinization" of the Senate. Recently the Senate received a great deal of criticism, much of it justified, but most of it unjustified. That criticism was based on the assumption that the Senate had not studied the tax reform bill before it was passed. That was unfair criticism.

Hon Mr. Benidickson: It came from your side of the floor in the other place.

Hon. Mr. Phillips: That unfair criticism also came from your side, senator. I can name Mr. Whelan and Mr. Hogarth and others. Do you want me to go on and name them?

Hon. Mr. Benidickson: They did not know the facts.

Hon. Mr. Phillips: Not any more than anyone else knew them, but they talked just the same. I should like to have on the Senate record at this time that the Senate was criticized in the other place for making an agreement with the Government. Yesterday I happened to be in the Senators' Gallery in the other place when the motion for a time limit was moved. At that time there was some reference to an understanding. I want our record today to bear out the fact that the Senate was honest, above board, and put its understanding on record. As against that, the understanding in the House of Commons was under the table. No one quite knew what it was. In fact, it is still open to interpretation.

Hon. Mr. Fournier (De Lanaudière): Honourable senators, in my capacity as a senator I have the right to know what the honourable gentleman is talking about. We are discussing a bill and I think he should confine his remarks to the bill.

Hon. Mr. Phillips: As I was saying, our agreement was above board. The House of Commons agreement was under the table, and those who have criticized us should remember that. At least we can say to the public that we were honest and sincere, whereas the motives of the House of Commons are open to question.

I was impressed by the fact that Senator Langlois offered to move motions for Senator Molgat in the Standing Senate Committee on Banking, Trade and Commerce. But may I point out to him that I, too, have accepted that suggestion in the past. In fact, my honourable friend Senator Connolly, when he was Government Leader, was kind enough to move motions for me. But you have no idea of the frustration and the futility of having made a motion and having to sit there and not to be able to vote on that motion. You are not a member of the select group that is allowed to vote, so why bother going? Why go? I can fully understand the attitude of Senator Molgat and Senator Sparrow. If I were in their shoes I would absolutely refuse to attend that committee. It is a disgrace that anyone representing a large area, as they do, should have to ask someone to move a motion in their name and then not to be able to vote on it. It is not fair to the area of the country which they represent, or to any area of the country for that matter. Therefore, I suggest, regardless of the rules—and we have broken all of them in the last week or so—that every honourable senator who wishes should be allowed to attend and to vote, or at least that these honourable gentlemen who wish to make these representations on behalf of the areas which they represent be appointed to that committee in very short order.

• (1520)

Hon. Mr. Benidickson: That is a very good idea.

Hon. Mr. Phillips: Let me repeat once again that it is useless to say, "You can attend the committee." I have attended them and I absolutely refuse now to attend a committee unless I am a member of that particular committee. It leaves one wondering why one bothered to go in the first place. In all honesty I must admit that even when one is a member of the committee, one sometimes wonders why one went.

The idea of an adjournment has been discussed. I am not referring now to a specific date, in an effort to stay within the rules, but the fact that one date was mentioned does not prohibit us from having another date set. It could be Monday, January 3. I, like Senator Sparrow and Senator Molgat, attempted to get in touch with the people from whom I normally seek farming advice and I was unable to do so this morning. In addition, I still have not been able to obtain a copy of yesterday's *Hansard* of the House of Commons. I think it is a disgrace that we are in this position. We are told that we cannot get copies of that *Hansard* before 5 o'clock this afternoon or perhaps later.

I know there is a great deal of incompetence in the running of both houses, but surely there is a more competent method of doing things. The Queen's Printer must have been just as aware of the situation at 7.30 last night as I was. I had spent the last two days preparing for this debate, but all of a sudden at 7.30 last night I found that we have a new bill. And it was only 20 minutes before coming into this chamber that we had an opportunity to study this new bill. Admittedly this house is part of Parliament, and Parliament is considered the high court of the land. But we are not justices who are going to hear an argument from counsel and having the opportunity to consider a verdict and render it at a later date. This morning on the CBC news it was stated that royal assent was planned for 5 o'clock this evening. Let me say to the Leader of the Government here that hell will freeze over before we have royal assent this evening.

Some Hon. Senators: Hear, hear.

Hon. Mr. Martin: No one in the Senate has even suggested that.

The Hon. the Speaker: Order, please. There is a disturbance in the gallery. I would ask the officer in charge of the gallery to see that the persons causing the disturbance are removed.

Hon. Mr. Benidickson: It is the NDP in the press gallery.

Hon. Mr. Phillips: Well, at any rate it is nice to know that even if it does contravene our rules, one has some support in the chamber.

Hon. Mr. Fournier (De Lanaudière): On a point of order, I feel very happy about the support for the honourable gentleman. If it were not for that, we would have nobody here.

Hon. Mr. Phillips: I want to go on now to the point raised by Senator Sparrow and Senator Molgat that they would like to hear witnesses from the various agricultural organizations. Reference has been made to Mr. Roy Atkinson, President of the National Farmers Union, and his statement that the bill was completely emasculated.

Hon. Mr. Benidickson: Honourable senators, I rise on a point of privilege. I made intervention a moment ago in which I mentioned the NDP. I would be the last person to make a general observation or condemnation or any derogatory remark of a general nature with respect to that important political party. I should have been more clear when making my intervention. To my great astonishment and regret it is my suspicion and conviction that the unseemly interruption from the gallery was caused by visitors who are actually members of the other house. I am extremely surprised that they, knowing the rules, would do in this house what they would object to if it were done in contravention of the rules of their own house.

Hon. Mr. Grosart: On a point of privilege, I appreciate the fact that this incident may be regarded as a contravention of our rules, although I am not sure what rule it would contravene. However, I am rather taken aback by the adjective "unseemly" as used by the honourable senator who has just spoken. I did not feel at all that this or the earlier interruption of applause from the gallery was in any way unseemly. My own feeling is that at any time and from anywhere that the Senate can get applause, I personally will be all for it.

Hon. Mr. Benidickson: If I had been in agreement with the speaker, I too would have applauded, but I have a right to do so. I would have done so in the normal fashion by pounding my desk. But we have rules which say that expressions of approval or disapproval may not be made by visitors in the gallery, and, as I say, I think it was all

the more offensive as it came from members of the other place.

• (1530)

Hon. Mr. Grosart: What rule would the honourable senator cite?

Hon. Mr. Fournier (De Lanaudière): Honourable senators, I think the NDP or CCF, whichever you prefer, are becoming Tories. I do not mind, they are welcome.

The Hon. the Speaker: A point of order has been raised. I have instructed the officers in the galleries to see that this does not happen again. If it does, those responsible for it, whoever they are, are to be expelled. With regard to the authorities, it is very simple. I have the responsibility for order and decorum here and must act accordingly.

Hon. Mr. Phillips: Honourable senators, I am very glad to have the opportunity to finish the few remarks I wish to make at this time. Later on in the day I will again be speaking. However, with reference to the applause, I find myself in complete agreement with the viewpoint expressed by Senator Grosart. I very much question whether we do have a rule. If the Senate receives applause from anywhere after the last couple of weeks, I think we should welcome it.

The Hon. the Speaker: Order, please. I cannot allow the honourable senator to go on with this. He stated that he had 15 years' experience as a parliamentarian. The first rule of Parliament is that order and decorum should be maintained. That order and decorum must be kept on the floor and in the gallery. It is my duty to intervene immediately when such an occurrence takes place, and this I have done.

Hon. Mr. Phillips: I did not wish to reflect on Your Honour's decision, but merely made a remark by means of which I hoped to recall the point at which I had arrived in my speech. After so many interruptions it is pretty damned difficult to remember where I was. If I recall correctly, we were coming to the point of calling witnesses. Last evening I watched the CBC news broadcast and at 8 o'clock this morning listened to the CBC news. I head Mr. Roy Atkinson, President of the National Farmers Union, state that the amendments have completely emasculated the bill. Perhaps I cannot agree 100 per cent with that, but as a former farm boy I would like to point out that emasculation is in effect a form of supply and management, which seems to be the main tenor of this bill.

In addition to experiencing the difficulty mentioned by the honourable Senator Sparrow in obtaining copies of the amendments this morning, I asked for the assistance of our law counsel. I am sure you will all be glad to know that our regular counsel is on holiday, in a much happier atmosphere than this. The individual supplied by the Department of Justice was most co-operative, but still rather confused concerning the draftsmanship of the bill. I will make the point that the bill must have been drafted by persons under the Opportunities for Youth program. I do not believe anyone else would present that type of draftsmanship.

After the last occasion I attempted to deliver a major address in this chamber, a member of the press gallery asked me not to be quite so long the next time because he found it rather boring having to read a speech of that length. Many senators have been asked from within the chamber not to be too lengthy. I have the distinction of having been asked by a member of the press gallery not to be too lengthy. Therefore I will yield the floor to anyone who wishes to rise, with the understanding that I will speak again later in the afternoon.

Hon. Mr. Langlois: Honourable senators, earlier this afternoon I gave Senator Molgat the assurance that in view of the fact that he is not a member of the Standing Senate Committee on Banking, Trade and Commerce, I would move his motion for the adjournment of that committee to a time later in the New Year in order to further study this bill. I am prepared to go even further and give him the undertaking now that as soon as we have disposed of this debate and before the bill is referred to committee, if that is the wish of the house, I will move that the names of Senators Molgat, Argue and Hastings be added to the membership of the Standing Senate Committee on Banking, Trade and Commerce. The honourable Senator Molgat would then be in a position to move his own motion. I will not back away, however, from my understanding. I will go further and support his motion.

Hon Mr. Molgat: I thank the honourable Senator Langlois very much, not alone for keeping to his original proposal but even improving on it.

Hon. Mr. Phillips: On a point of order, I believe the motion requires unanimous consent.

The Hon. the Speaker: No, that is not so. Is it the understanding that if the honourable Senator Hays speaks now it will have the effect of closing the debate?

Hon. Mr. Grosart: No Your Honour. I believe other honourable senators wish to speak.

Hon. Mr. Sparrow: I must have missed the Deputy Leader's comments. Was it his suggestion to change the membership of the Standing Senate Committee on Banking, Trade and Commerce?

Hon. Mr. Langlois: Yes, in order to add western senators.

Hon. Mr. Sparrow: When to you propose to do that?

Hon. Mr. Langlois: This afternoon. As soon as we have closed this debate I will revert to motions and move that these changes be made.

Hon. Mr. Phillips: Mr. Speaker, I am quite prepared to yield the floor to the honourable Senator Hays, providing it does not close the debate. In view of the number of questions which have been directed to him, he may wish to speak at this time.

The Hon. the Speaker: Is it the intention of the honourable Senator Hays to close the debate?

Hon. Mr. Hays: Yes, that is my intention.

Hon. Mr. Grosart: Honourable senators, perhaps the most remarkable aspect of the debate on second reading is that we have so far hardly discussed the principle of the bill. I for one would hope that this bill will not go to committee until we have had an opportunity for a full discussion. No one at this moment is in a position to

discuss properly the principle of the bill. I have raised certain matters of ambiguity in the amendments, which have come to us at the last moment. We are in posession of no record of the proceedings of the other place. We are completely in the dark as to how the amendments will affect the principle of the bill. I suggest, therefore, that the Senate, in due course, should adjourn and, when we have had an opportunity of digesting the changes in the bill, debate the principle more fully before sending the bill to committee.

• (1540)

We have not discussed the principle of government intervention in a normal marketing operation which, in many ways, is the core of the bill. Is it wise, in view of the problems faced by Canadian agriculture, to encourage at this stage further government intervention?

There has been a long history of government intervention in normal marketing processes. Sometimes the intervention has been successful, but often it has been unsuccessful. We heard some examples of this today when Senator Argue spoke on the operation of the Wheat Board and the Dairy Commission, where there is clear evidence of a reduction in the total number of producers brought about by Government intervention of the type suggested by this bill.

This is a very serious problem. We have no evidence before us of the effect of the bill over the long term on marginal producers. We have not been told whether it will increase or decrease the number of producers in the farming community.

The evidence is that the tendency will be to reduce the number of producers. Is that a good or a bad thing? There are those who say that it is a good thing, but there are others who say that it will introduce inequities, and will mean injustice to the small farmer, the small producer, who has every right to carry on his business as he sees fit without being forced to accept quotas and marketing schemes, or to relinquish what has always been a great quality in the farmer's character, his independence.

The point can be argued both ways. Independence can cost money. It can be expensive. The history of farming in this and other countries demonstrates that farmers by and large have been prepared to pay the cost of independence. I will not at this moment argue the pros and cons of this situation. I merely point out that we should have the opportunity of obtaining information on this important aspect of the bill, which we do not have at the moment.

I would welcome particularly any information concerning a decrease in the number of producers of wheat and dairy products which might be brought about by the bill when it becomes effective.

At the moment we have not the faintest idea of how effective the provisions of the bill will be. I have questioned this strange amendment which, after listening to all the explanations, remains unclear to me. I do not know whether the provisions of the bill exclude all farm products other than poultry and eggs in any situation where there is not a declaration by the provincial government. I do not know what is the scope of the bill.

It was said, "Well, we will hear the minister." I do not care what the minister has to say. No one has yet told us what the amendment means, and with all due respect to the sponsor I do not think he is entirely sure himself. I have no wish to be critical in that respect. I do not think it is possible for anyone reading the amendment to be sure about its meaning. I do not know how many lawyers or experts from the Department of Justice would have to appear before us before we know what the bill means in respect of the vast majority of natural farm products, as they are termed in the bill.

We do not know whether the bill, to the extent that it invokes the setting up of a federal marketing board, applies only to eggs and poultry, or whether, without provincial declaration, it can be applied across the board.

There has been no discussion on the bill's effect on competition. When discussing other acts we hear over and over again official pronouncements by cabinet ministers that it is a policy of this Government to encourage competition. There is reference in the bill to competition, but it is not the kind of competition that will result in benefit to the consumer. The competition referred to in the bill is the competitiveness of one industry in various markets. We have clear evidence of opposition from powerful consumer associations.

Hon. Mr. Benidickson: To this bill?

Hon. Mr. Grosart: Yes, to this bill. There have been presentations by consumer associations objecting, among other things, to the fact that there is no provision for a consumers' representative on the council. The proposed council of not less than three and not more than nine members makes no provision whatsoever for consumer representation.

Hon. Mr. Benidickson: It should.

Hon. Mr. Grosart: I agree with Senator Benidickson when he says that it should.

Hon. Mr. Martin: We might change that in committee.

Hon. Mr. Grosart: We might, but I am speaking on the principle of the bill.

Hon. Mr. Martin: Would my honourable friend permit me a question? Bearing in mind the important principle he laid down when speaking this morning on our responsibility as spokesmen for the provinces—he said that although we might not necessarily agree with the views of the provinces, we had a constitutional obligation to represent provincial points of view—does the honourable senator not attach any importance at all to the position taken by the Ontario Minister of Agriculture, and indeed the Minister of Agriculture of every province, with the exception of the caveat entered by the Minister of Agriculture of Manitoba?

Hon. Mr. Grosart: I attach the greatest importance to the general agreement of the provinces on the bill as it was, but I have no evidence that any province has approved the bill as amended.

Hon. Mr. Martin: Do you not think it a good idea that we should go into committee and ascertain what the effects will be in that regard?

Hon. Mr. Grosart: I am not concerned at this moment with what the committee should do. I am concerned with the principle of the bill. Whether the committee discusses the principle in detail, or discusses the bill clause by clause, is not my concern at the moment. I am speaking now to the principle of the bill, and I suggest to the Leader of the Government that it is not a viable intervention to say "we can discuss that in committee". Of course we can discuss it in committee, but that does not for one moment absolve me of my responsibility here to discuss the principle of the bill as I see it. I hope the Leader of the Government will not again suggest that this or that can be discussed in committee.

• (1550)

Hon. Mr. Martin: Would you not agree that the principle of the bill is a simple one? The principle of this bill is whether or not there should be national marketing as envisaged by the bill. The incidences of the bill are something else altogether about which my friend and members of the committee may disagree, but the principle is whether or not there should be enabling legislation.

Hon. Mr. Grosart: It is quite a simple principle, but I am amazed to hear the Leader of the Government say that in discussing the principle of the bill I should not discuss the incidences of it. What is the sense in discussing the principle of a bill if you do not discuss the incidences? Surely the Leader of the Government is not suggesting that I am prohibited from discussing what the principle of the bill will do to Canadians?

Hon. Mr. Martin: Of course not.

Hon. Mr. Grosart: Of course not. So let us not hear anything more about the difference between the principle of the bill and its incidence. The incidence of the bill is part of the principle.

Hon. Mr. Hays: I rise on a question of privilege. Are you aware of any bill, in your experience in this house or in your political career, that has received the 100 per cent endorsement of all of the provinces as has this bill? I do not recall any other such endorsation of any bill, and I am wondering if you know of any bill that received the blessing of all of the provinces?

Hon. Mr. Grosart: I cannot recall any at the moment, but I am sure there were some. My answer is the same as I gave earlier, and that is that the endorsation by all of the provinces was of another bill, and possibly a totally different bill. There is no evidence that the provinces have approved these fundamental amendments which go to the core of the bill.

Another principle, of course, that arises from any consideration of this bill is that sometimes discussed under the vulgarism of balkanization. I would have been interested to hear some indication that the criticisms regarding balkanization have no foundation.

An Hon. Senator: You are using big words.

Hon. Mr. Grosart: In looking at the bill my conclusion is that it is going to balkanize Canada even further. In the first part of this bill we have Canada divided into three regions. It seems to me that it would make more sense to have divided it into the traditional four regions, but that is not a question of principle. However, when we come to clause 24 it seems someone has forgotten that the operative word throughout is "region", and is now using the word "area". This further indicates the utter confusion that has arisen in connection with the amending of this bill. The word "area" has no significance whatsoever in terms of the bill itself. The word "region" is used in various ways throughout the bill, but it is not adequately defined, so that when you read the bill you never know whether you are talking about one of the three regions described in the first part or some kind of ad hoc region which the minister may, from time to time, in his wisdom decide is to be a region or, if the bill is passed in its present form, some area.

I do not know what is proposed in this bill. I do not know, having in mind the amendment which we have been discussing, whether the intention is to give every province the right to set up what are in effect agricultural tariffs under marketing boards.

Hon. Mr. Hays: On a point of order. I am led to believe that all of the provinces endorsed this bill on the basis that the amendments that have been made would be made.

Hon. Mr. Grosart: I will have to accept the word of the sponsor of the bill for that. I know that miracles can be achieved by this Government, and I compliment them on what is probably the most astounding miracle of all of having an amendment that was drafted all through the night, the wording and import of which was never really certain until quite late, approved by the provinces. I congratulate the sponsor of the bill on the information he has received, and on that miracle that occurred at some time between—

Hon. Mr. Hays: Thank you very much.

Hon. Mr. Grosart: It is an astounding miracle. It does not, however, remove my basic objection. I should like to have some indication of the approval by the provinces in a more concrete form than the statement just made, but which, of course, I accept in deference to my respect for the sponsor of this bill. I should like to have evidence or some indication that the provinces have approved this bill as they did the original bill—that is, formally stated and documented.

This bill has been called "enabling legislation". What it does, in effect, is enable the federal Government to establish a board which will have the right, to use the terminology of the bill starting at Part II, to set up agencies. Here, of course, we have the old problem of delegation of authority. It has been said by those who are experts on the problem of delegation of authority that the problem always starts with enabling legislation. Throughout this bill I find evidence of delegation of authority to non-elective bodies. This concerns me. It concerns me that this aspect of the bill has not been discussed thus far in our debate on the principle of the bill.

At this point perhaps I should pause to congratulate the sponsor of the bill. I forgot the usual compliments when I rose to speak. I pay them now, not because they are usual, but because they are well deserved. He gave an excellent presentation of the bill.

I do not think he said so, but my recollection is that Senator Hays, as Minister of Agriculture, introduced a bill

similar to this back in 1964. I am sure at that time he was, as he has indicated today, in full agreement with the necessity for this type of legislation. However, I rather doubt if this bill is exactly the type of bill that he had in mind back in 1964.

On the question of enabling legislation I should like to draw to the attention of honourable senators clause 23 of the bill. This is the operative clause under Part II which deals with agencies. The maginal note is "Powers" and one of the powers that is given to an agency that might be set up under this act is as follows:

• (1600)

> (f) where it is empowered to implement a marketing plan, make such orders and regulations as it considers necessary in connection therewith, but all such orders and regulations shall, in the case of orders and regulations that are of a class to which paragraph (d) of subsection (1) of section 7 is made applicable, be submitted to the Council before the making thereof—

I object very strongly to any agency being given the power to make such regulations as it considers necessary. Surely the wording should be "as are necessary", because that means that the agency can never exceed its powers. If it considers them necessary under the bill, they are necessary. There is a much better wording in paragraph (n), which says:

> do all such other things as are necessary or incidental to the exercise of any of its powers or the carrying out of any of its functions under this Act.

Honourable senators,I think the time has come when the Senate, in examining legislation, should refuse to pass any legislation that gives any delegated body the authority to take any action that it considers necessary. The phraseology should always be "that is necessary" or "that are necessary", so that the matter can be subject to interpretation by the courts. I hope that is an amendment that will be made to this bill in committee.

No reference has been made to the costs of this marketing scheme. There is a limitation on the total amount, which at the moment, I think, is $1 million, that the federal Government is authorized to expend on what I will call the federal board. There is no limitation whatever on the expenditure of the agencies, and there has been evidence of extraordinarily high administrative costs incurred by some of these agencies in their total operations. That has no limitation whatsoever. In fact, under the wording of the bill these agencies can collect money and spend it, they can impose any fees they like, and one fears that this means more bureaucracy. I am sure that the sponsor of the bill, who has had great experience in this area, is aware of that danger. I see nothing in the wording of the bill as it stands to give any protection against that.

There is no requirement for cost benefit accounting. There is a general requirement. There is no right of members to question the accounts. It may be said that these will come in the regulations, but to me it is an essential principle that the basic protection for people affected by any act of Parliament should be written into the act, and not left to the mercy of those who in due course will make regulations which, incidentally, will never come back to this Parliament under the legislation as it stands.

That is one of the reasons why I have always opposed a wide grant of powers to boards, bureaus, and agencies, even crown corporations, to make regulations. We hope the time will come, as it may well come, when statutory orders and regulations will be subject to parliamentary review, if not control. There is no assurance whatsoever under this bill that the regulations, however harsh they may be, however inequitable, however much they may be objected to, will ever come back to Parliament for review.

Honourable senators, I do not want to delay the discussion any more. I have a note indicating a very good reason why I should perhaps continue a little longer, but I have come to the end of my major remarks. I know that Senator Phillips has a few comments to make, which may accommodate the request I have in the note.

Hon. Mr. Belisle: Honourable senators, I do not intend to speak again on this bill, but I believe it is only fair for me to say that, as I said this morning, this bill should not at this late hour go to a committee this afternoon. I do not apologize if we have indisposed the minister, who is in the gallery. We have been indisposed before waiting for the other place.

I say to the Leader of the Government that before he makes the final decision that this bill must be processed this afternoon he should first bear in mind that the motion made this morning was not made by a member on this side of the Senate, but was made by the Chairman of the Council of Prairie Senators, and was seconded by honourable Senator Molgat, a farming expert. Last week the Leader of the Government praised honourable Senator Argue for his farming knowledge. If that expression meant that he is knowledgeable—and I am convinced that he is—I suggest that this bill be not reported today, that we should come back next week or whenever is the will of the Government. We are here to accommodate the Government, and we will wait here until they have finally disposed of the small and loyal opposition that supported us this morning. After all, the vote was 20 to 10, so that must be considered. There was much more opposition this morning than there was last week. I move that the bill be not reported, if Your Honour will accept a motion at this time.

The Hon. the Speaker: Do I understand that a motion has been made by the honourable Senator Belisle?

Hon. Mr. Belisle: I am willing to make a motion if you are willing to entertain it.

Hon. Mr. Martin: What is the motion?

Hon. Mr. Langlois: There is no motion before the house.

Hon. Mr. Martin: Question.

Hon. Mr. Fournier (De Lanaudière): There is no motion, nothing.

Hon. Mr. Phillips: Honourable senators, before beginning my remarks may I direct a question to the Leader of the Government. Several times this afternoon he has suggested that it would be advantageous to have the bill before the Standing Senate Committee on Banking, Trade and Commerce, where we could ask questions and get further information. This I accept, but may I ask him not to be his usual evasive self in replying to me now. Will the honourable leader give the Senate an assurance that the

committee will have time to call witnesses and representatives of various organizations who may wish to appear? I expect he will get up and say "I am in the hands of the committee". I have seen him in operation too often here to accept that reply. I would like an assurance from him that the committee will be allowed to call representatives of organizations who may wish to appear—not call but extend an invitation, and they could accept or reject it.

• (1610)

The Hon. the Speaker: Honourable senators, would you permit me a moment. I wish to ask the constable in the gallery to remove the person who applauded, whoever it may be.

Hon. Mr. Langlois: Remove him. He has not been removed.

The Hon. the Speaker: I ask the sergeant in charge of the gallery behind the Chair to expel the person or persons who have just applauded, whoever they may be. Is there an officer in charge there?

Hon. Mr. Argue: More than one constable is needed.

The Hon. the Speaker: I ask the Gentleman Usher of the Black Rod to look in the gallery behind the Chair, please, and see that the officer there follows the instructions given.

Hon. Mr. Martin: Honourable senators, I can only say to Senator Phillips that, as he knows, the committee will have to decide. I imagine that is what it will decide.

Hon. Mr. Hays: Honourable senators—

The Hon. the Speaker: Honourable senators, before honourable Senator Hays speaks, I must ask if it is his intention to close the debate?

Hon. Orville H. Phillips: Honourable senators, before beginning my general remarks on the bill, may I say that at noon Senator Grosart and I had a discussion as to who would speak first. I am sorry I suggested that he should speak first, because most of my speech has been covered. Unfortunately, I left my notes in his office and I am afraid I gave him an unintended assist there.

If I recall properly, Senator Grosart began his remarks by saying that our discussion today really had not centered on the need for the bill. In this I think there is one point that the Senate has completely overlooked; that is, why do we need a bill of this type? I would refer honourable senators to a report submitted to the Minister of Regional Economic Expansion in July 1970. Incidentally this report was financed by the department and it outlined very extensively the situation of the family farm in rural communities, the difficulties that arise if people leave the family farm, the family farming community.

They state in here—I paraphrase it rather than read the full statement—that the question is not whether people leave the family farm, the rural community, and migrate to the city, but the question is how rapid the transfer should be and what the effects are on the social and human aspects of that transfer. The report also reminds the Government of the well known fact that the residents of rural communities receive lower incomes than those in other sections of the country. For example, a person living in a small village in one of the Atlantic Provinces receives an income of approximately 25 per cent less than his counterpart living in a city.

Another section of the report refers to the so-called cost-price squeeze and says that it is made worse by inflation. Very often, in either chamber, I have spoken on this fact, but I would like for a moment to illustrate the cost-price squeeze by referring to the potato producers in my province. During the last five years they have received an average of one cent per pound. During this time their costs have increased considerably. The cost of a potato combine has risen from $8,000 to between $13,000 and $15,000. The cost of chemical sprays and pesticides has increased by about 40 per cent. They have had two successive increases of 6 per cent each in transportation costs, and labour costs have increased by about 30 per cent; yet the average price remained approximately one cent per pound. During this time the farmer attempted to meet the increasing costs by expanding, using an expensive machine such as a potato combine, over a larger acreage, to get a greater yield to justify his investment.

Other farmers have ceased production. There have also been greater efforts to increase orderly marketing or, as the term now favoured says, "supply management". Supply management has failed for a very important reason, and this relates directly to the bill.

American potatoes enter Canada duty free the year round. Canada in turn can export to the United States a limited amount of potatoes, and thereafter there is a 75 cent per hundredweight tariff. I mentioned the fact that there is no import quota in the bill. This is a very great deficiency. When potato prices rise in Canada, the American surplus moves in. One cannot sell Canadian potatoes at 2 cents a pound when one can import American potatoes at 1 cent a pound.

Therefore, in attempting to rectify the agricultural problem, one must take into consideration our imports plus our foreign currency situation. If the American dollar is higher than our dollar, our primary producer has an advantage in their market. When the situation is reversed, the Americans have the advantage.

I mention these things to emphasize that Bill C-176 is based on unsound principles and it has very limited chances of being successful. In fact, I would describe it as being merely political marijuana in the hope that the farmer will believe that he has something to look forward to during the next election campaign.

• (1620)

Senator Grosart referred to the various recommendations and asked who would make those recommendations. I suspect that they will come from the so-called farm economist within the bureaucracy of the Department of Agriculture. I do not think there is such a thing as a "farm economist", other than one who tries to make a living on a farm. The farm economist's advice to various governments in the past has been as helpful as thalidomide is to a pregnant woman.

Hon. Mr. Hays: Honourable senators, on a point of order, Senator Phillips alleged that potatoes came in from the United States almost duty free. United States potatoes do not enter Canada duty free at any place in Canada or at any time.

Hon. Mr. Phillips: I thank the honourable senator for the correction. My information came from the Department of Agriculture yesterday, but perhaps I was misinformed. I appreciate very much his correction.

Throughout the bill the Government conveys the idea that agricultural surpluses are caused because there are too many farmers producing too much. This Government position is really not surprising in view of the attitude this Government took with respect to unemployment. Its excuse for unemployment was very simple: there were too many people looking for jobs. That was why there was unemployment.

Many of us have criticized the number of members in the cabinet. There has been no restriction in that regard. The cabinet keeps on growing and growing. These political creatures seem to have a tendency to roll along and keep on growing.

Recently, the Standing Senate Committee on National Finance presented a report in which it most emphatically rejected wage and price control. It stated quite wisely that the Canadian people would not accept that. The people were not in a mood to accept it. They were not ready to accept wage and price controls. Nevertheless, in this bill, we are asked to give consent to the establishment of boards and agencies which may introduce such regulations as they deem advisable, which could include quotas, limitations on the amount of produce the farmer can market, and any other regulation they wish. This is, in effect, applying wage control to one specific class of persons—the farmer. No one but the farmer is under any wage control.

Incidentally, I intend to skip certain portions of my speech until we get into committee. I would not want the committee to meet thinking that it could report back in 15 minutes. Therefore, I leave some of my questions for the committee meeting.

Senator Grosart has already referred to the marketing council which consists of not fewer than three and not more than nine members, at least 50 per cent of whom must be primary producers. That amendment was made in the committee in the other place and I am in complete agreement with it. However, the committee in the other place suggested that the commission be not appointed at the pleasure of the Governor in Council. I find myself asking two questions in this regard: first, are the primary producers to be political appointees? Senator Argue stated this morning that he saw nothing wrong with a person being political. I do not either. But I would remind Senator Argue of his later statement that he did not expect the nine members to come from one specific party. I suspect if Senator Argue were to add up the appointments of the Governor in Council he would not find too many people appointed to any office unless they were well known Liberals. Second, if a member of the marketing council disagrees with the Minister of Agriculture, or indeed disagrees with the Prime Minister or any other member of the cabinet, can that member be removed to be replaced with a more docile and submissive member? Moreover, I do not think you will find any member there for 30 years, because I do not think any individual could go through 30 years without disagreeing with this Government, and if he does disagree I expect he will be removed.

Hon. Mr. Benidickson: Do you expect this Government to be here for 30 years?

Hon. Mr. Phillips: No. If you have another 30 weeks, you are lucky, Senator Benidickson. Not only would you be lucky, I think the Canadian people would be lucky, sir.

The definition of marketing causes me some concern. I will leave my questioning in that regard to the committee. I shall also set over for the committee my question with respect to the section dealing with records and books, except that I want to point out to this honourable chamber that it has been a long-standing tradition that no individual be required to reveal his income other than to the Department of National Revenue for income tax purposes. But Clause 7(1)(h) gives the committee or agency authority to direct questions. Nor is there any limitation on the type of questions they can ask. Of course, we get the story that this applies only to producers of chickens and eggs. But take the case of someone running a poultry farm; with about seven questions the agency, without any oath of secrecy, can obtain the full facts and figures of that individual's operation and that individual is in no way protected. When we come to committee, therefore, it is my intention to move an amendment in that regard.

I will also ask in committee for a definition of "enabling legislation" and "permissive legislation". Since we are going to have the pleasure of directing such questions to the minister, I do not wish to reveal all my questions in advance. And I should point out that I have a great many questions to ask. However, I join with Senator Grosart in asking this question: What happens to the consumer under this bill? There is no mention of "consumer" throughout the bill, and unless a great many things change in our present marketing scheme there is only one effect to follow from increased farm prices—and God knows the farmer needs increased prices—and that is an ultimate increase in the cost of groceries to the consumer. I hope that when Senator Hays sums up he will include that point in his discussion.

• (1630)

As I have said, honourable senators, there are many more questions and points that I could raise but I want to make sure that the committee meeting lasts more than 15 minutes. I would not want to begin the new year or end the old year co-operating with the Government in any respect. Therefore, I shall leave any further questions at this stage, and ask them when we are in committee.

Hon. Mr. Argue: Honourable senators, I think we have had a very useful discussion on this whole measure today, and I think we have made some real progress in the discussion back and forth, in that we have had some important assurances that the bill will go to committee, and that the committee, by general agreement amongst the senators here, will be prepared to call witnesses from farm organizations and hear them. I believe that the committee in its own judgment will consider the possibility of suggesting amendments. I think from the standpoint of those of us who wish to have this bill considered thoroughly by the Senate, from the standpoint of those who would like to hear from farm organizations, and from the standpoint of those who would like to hear the expert legal witnesses, the law officers of the Crown, give their

opinions on some of the legal points in the bill, that much has been accomplished by this discussion.

His Honour the Speaker, a few minutes ago, had to take some rather drastic action to clear the Senate gallery because of an unnecessary interruption. The noise came from a man who happens to be Mr. Frank Howard, the M.P. for Skeena. I think that interruption from the gallery today was a disgraceful exhibition.

Some Hon. Senators: Hear, hear.

Hon. Mr. Argue: I should think it was done to achieve publicity, and rather cheap publicity at that. It was done because the other place is adjourned at this time, and not being able to get this publicity there the Senate gallery was used for this purpose. I think in the circumstances His Honour was justified in the action he took.

Some Hon. Senators: Hear, hear.

Hon. Mr. Argue: It is now 4.30 and, as I say, we have had a really good debate. I do not think anybody will be inconvenienced if at this time this bill is sent to committee. I think after the committee meets it will be meeting again on further occasions to hear witnesses and to discuss the bill. In so doing we will be doing a good job on behalf of the Senate.

Hon. Mr. Langlois: Honourable senators, I believe that my honourable friend was referring to a remark which I made when he referred to assurances that were given today. I do not wish to put words in my friend's mouth, but I want to make it quite clear that no assurance was given that the committee would be instructed to call witnesses. What was said was that the committee would be free to call witnesses if it wished to do so.

Hon. Mr. Argue: I take it from the remarks that were made that there was agreement on this.

Hon. Harry Hays: Honourable senators—

The Hon. the Speaker: Honourable senators, if Senator Hays speaks now his speech will have the effect of closing the debate.

Hon. Mr. Hays: Honourable senators, in closing the debate on this very important bill I congratulate all members of the chamber who have taken part. I know that their contributions will prove most helpful so far as the committee is concerned when it comes to dealing with the bill and questioning the Minister and the officials.

I am not going to take very long in speaking at this stage, but the history of marketing boards for the most part has been very successful. A few that come to my mind are the Canadian Wheat Board, the Ontario Tobacco Board, the Poultry Board, the Canadian Dairy Commission, the Hog Marketing Board, the Sugar Beets Board, and there are many others. I think in all there are some 122 agencies involved in marketing. To my recollection not one of these groups has ever withdrawn from their marketing legislation.

Marketing legislation for farmers, in my view, is particularly important in Canada where we have only about 120 frost-free days. I think in practically all of the countries I have visited, and that is a great number, there is some form of marketing legislation. The legislation we are studying today is similar in many respects to some of the legislation that has been successful in Europe, in South American countries, in Australia, New Zealand and some of the countries of Africa which have marketing legislation.

Honourable senators will realize that there are 350,000 farmers in Canada, and it is difficult for each farmer to have his own little business and to sell his own produce. There has to be a togetherness, and they have to get together to market their produce in the best possible way.

Senator Phillips mentioned consumers, and stated that there is no reference to them in the bill. However, I refer him to page 15 of the bill where it says:

> (b) to have due regard to the interests of producers and consumers of the regulated product or products.

Honourable senators, if you have a proper marketing legislation you have a continuity of supply, and you eliminate the problems of highs and lows. Even the consumer is better able to budget for grocery purchases. I have known instances of where in one year cattle prices have varied from 18 cents a pound on the hoof to 37 cents. Then when the price reached 37 cents the consumption dropped, but when prices dropped, consumption rose again. But we must keep in mind that once a consumer discontinues buying a certain product because of the price, it takes quite a long time to get him to resume the purchase of that product. Furthermore, if the consumer changes from beef to chicken, it will take a long time for him to reverse and change from chicken to beef.

I have been a farmer all my life, and I have had a fair amount of luck and some success but, believe me, I am all for marketing boards. I have not had any difficulty in the market place and I have been able to get along, but I have known neighbours and others, particularly in the Maritimes, who have met many problems, and for whom a marketing board would have been an excellent agency through which to market their produce. If a potato grower in Prince Edward Island with 30 acres under cultivation knows he is going to have as a quota so many tons of potatoes at a certain price, it would be a lot better for him to know this in advance.

Honourable senators, I humbly submit to you that this is a good bill, and I suggest that it should be referred to the Standing Senate Committee on Banking, Trade and Commerce. I know that the officials of the department will be in attendance. This is a bill which I feel is good for the Canadian farmers.

• (1640)

Before I resume my seat, I would remind honourable senators that all provinces have agreed to, and asked for, this legislation. Those who have done this are all elected representatives. The bill passed the other house, which also consists of elected members. We are appointed. How are we to judge? We should pass this bill on to the Canadian people who, surely, will judge whether it is right or wrong.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion on Hon. Mr. Hays, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Leopold Langlois moved, with leave of the Senate and notwithstanding Rule 45(1)(h):

That the names of the honourable Senators Argue, Hastings and Molgat be substituted for those of the honourable Senators Burchill, Gelinas and Giguère on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

NOTICE OF MEETING

Hon. Mr. Langlois: Honourable senators, if I am permitted, I would now like to announce that the Standing Senate Committee on Banking, Trade and Commerce will sit in Room 356-S when the Senate rises. I understand that notices are in preparation for distribution to honourable senators.

I now move that the Senate adjourn during pleasure, to reassemble at the call of the bell at approximately 8 o'clock this evening.

Hon. Mr. Phillips: On a point of order. We proceeded with Notices of Motions and are left with Inquiries, Motions, and Question Period.

Hon. Mr. Langlois: If you have a question, please proceed.

EXTERNAL AFFAIRS

AID TO PAKISTAN—QUESTION

Hon. Orville H. Phillips: I have a question which I would like to direct to the honourable Leader of the Government. Supplementary Estimates (A), recently passed by this house and studied by the Standing Senate Committee on National Finance, contains an item of approximately $20 million for relief in Pakistan. By whom and how are those funds administered, and was any effort made to include surplus potatoes and chicken as part of the grant in aid?

Hon. Mr. Martin: I will take that as notice. Perhaps when we return at 8 o'clock tonight I shall be in a position to reply.

Hon. Mr. Forsey: I am not sure what is proposed for the business this evening. I may have missed something when it was announced. I am not clear as to why we should return at 8 o'clock this evening. This is no doubt due to my own deficiency of some kind or other.

Hon. Mr. Langlois: I ask my honourable friend to be patient. I was waiting for the question to be put before giving the explanation. The motion is not before the house.

The Hon. the Speaker: It is moved by the honourable Senator Langlois, seconded by the honourable Senator Bourget, that the Senate do adjourn during pleasure, to reassemble at the call of the bell at approximately 8 o'clock this evening.

Hon. Mr. Langlois: The motion speaks for itself. Depending on the decision of the committee, we will return at approximately 8 o'clock. It may be later, or earlier; I do not know. In the event it is the recommendation of the committee that the bill receive further study we shall have to decide what the Senate will do in respect to adjourning to a later date. I cannot prejudge the work of the Standing Senate Committee on Banking, Trade and Commerce. I have to wait until I know more before I make a normal motion of adjournment, and that may be at 6 or 7 o'clock.

Hon. Mr. Grosart: It may be at 5 o'clock.

The Senate adjourned during pleasure.

The sitting was resumed at 6.40 p.m.

ADJOURNMENT

Hon. Léopold Langlois: Honourable senators, with leave, I move that when the Senate adjourns today it do stand adjourned until February 16, 1972, at 8 o'clock in the evening. This is, of course, subject to being recalled earlier if necessary.

Hon. Mr. Martin: Which it will be.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Belisle: May I be permitted to ask a question of the Leader of the Government? Having just returned from a meeting of the Standing Senate Committee on Banking, Trade and Commerce, I hope the committee will meet, as decided, next Thursday.

Hon. Mr. Martin: At 11 o'clock. There is no doubt it is clear that the committee has decided to meet next Thursday morning at 11 o'clock. The members of the committee were present when they raised the problem that faces those of us who are responsible for the management of the house. Subject to whatever disposition is made of the bill by the committee, the Senate as a whole has to come back. I do not see how that will be possible before the following week. I may be wrong, but that is the way I see it now.

Hon. Mr. Langlois: I would add to what the Leader of the Government has said, that the committee already has power to sit when the Senate is not sitting. This was done on September 16, as reported at page 380 of the *Minutes of Proceedings*. Therefore, the Senate itself need not reassemble for the committee sitting.

Hon. Mr. Fournier (De Lanaudière): Honourable senators, those who are absent do not know about the resolution that has just been passed. May I therefore suggest to His Honour the Speaker, or to the Leader of the Government, that we let every senator know when we are to reconvene.

The Hon. the Speaker: Your suggestion is well taken.

Hon. Mr. Fournier (De Lanaudière): Thank you.

Hon. Mr. Phillips: Honourable senators, in the committee, in a moment of anger I said I would never again take the word of the Leader of the Government. After the vote and the result of the committee meeting, may I express my regrets in that regard and modify my statement to say I will trust him so far in the future. On behalf of the Opposition, I wish him and all his colleagues a Happy New Year.

Hon. Mr. Martin: Honourable senators, I thank Senator Phillips very much. I know that whatever he says about me is always said in the thrust of battle and does not represent his true convictions. This pertains to all of us. I have been in this business long enough to know that one gets bouquets that are often not deserved, one gets criticism often not deserved, one gets bouquets that are deserved, and one gets criticism that is deserved. If that applies to the Leader of the Government in the Senate, I assure you, with all the magnanimity at my disposal, it applies to each one of you as well.

I simply wish to say to Senator Fournier (de Lanaudière) that I am now indicating to those senators present that all the members of the Standing Committee on Banking, Trade and Commerce will be here on Thursday next, and they will deal with their business and they will determine how long that business will take. When that is done, it will be the responsibility of His Honour the Speaker to send messages to all senators, wherever they are, to join those who are here, so that we can join with those in the other place and have royal assent to this bill. It will require the presence of both houses. But that will be done. I know that Senator Sarto Fournier, who is so useful, and happily contributed to our proceedings today, will be among the first to be here.

I would like to say to the acting Leader of the Opposition, or to the two acting Leaders of the Opposition—

Hon. Mr. Phillips: That is much more appropriate.

Hon. Mr. Martin: —that we on this side extend to them our warmest good wishes for 1972. I also extend to each and every senator, wherever he sits in this house, my wish for a very happy and useful New Year.

I am sure that the Senate has every reason to be proud of its work in 1971. Notwithstanding what criticism comes to us as part of Parliament—because criticism against the Senate is criticism levelled against Parliament—we will continue to do our job as we see it requires to be done.

[*Translation*]

To all of you, our best wishes for 1972 and, once again, to y ou, Mr. Speaker, our thanks and best wishes.

[*English*]

The Senate adjourned until Wednesday, February 16, 1972, at 8 p.m.

THE SENATE

Tuesday, January 11, 1972

The Senate met at 8 p.m., Honourable Maurice Bourget, P.C., Speaker *pro tem*, in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Department of Agriculture for the fiscal year ended March 31, 1971, pursuant to section 6 of the Department of Agriculture Act, chapter A-10, R.S.C., 1970.

Report of the Unemployment Insurance Commission for the fiscal year ended March 31, 1971, pursuant to section 95(2) of the Unemployment Insurance Act, chapter U-2, R.S.C., 1970.

Copies of a document entitled "Bilingualism and the National Capital".

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, December 22, 1971, pursuant to section 7 of the Regulations Act, chapter R-5, R.S.C., 1970.

Report by the Textile and Clothing Board, dated November 18, 1971, relative to an inquiry respecting sweaters, cardigans and pullovers requested by the Minister of Industry, Trade and Commerce, pursuant to section 9 of the Textile and Clothing Board Act, chapter 39, Statutes of Canada, 1970-71.

FARM PRODUCTS MARKETING AGENCIES BILL

REPORT OF COMMITTEE

Hon. John J. Connolly, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-176, to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Martin: Now.

Hon. Mr. Phillips: Later this day.

Hon. Mr. Martin: Why not now?

Hon. Mr. Phillips: Can we not go through the Question Period first?

The Hon. the Speaker: Honourable senators, I am in your hands; you are master of your rules.

Hon. Mr. Phillips: With all due respect, I have directed a question to the honourable Leader of the Government in the Senate, and the question is pertinent to this bill. I would like to have an answer to my question before I begin my remarks on third reading.

Hon. Mr. Martin: You are referring now to the question regarding Pakistan?

Hon. Mr. Phillips: Yes.

The Hon. the Speaker: You will have an appropriate opportunity later because Inquiries and the Question Period follow Reports of Committees. The honourable senator will have all the time he needs to ask any questions after we have dealt with Reports of Committees.

Hon. Mr. Haig: What Senator Phillips is asking for is an answer to a question he asked of the Leader of the Government. Then third reading could be proceeded with. I would request that third reading be postponed until after the Question Period.

Hon. Mr. Phillips: That is all I am requesting.

The Hon. the Speaker: This is not the normal procedure, but you are masters of your own rules. Is there unanimous consent to proceed as requested by Senator Phillips?

Hon. Paul Martin: Honourable senators, I have no objection to answering Senator Phillips' question now if it will have a bearing on his speech. If it is the wish of the house, I have no objection to giving my answer now.

Hon. Senators: Agreed.

EXTERNAL AFFAIRS

AID TO PAKISTAN—QUESTION ANSWERED

Hon. Paul Martin: On December 31 I took notice of the following question put by Senator Phillips:

> I have a question which I would like to direct to the honourable Leader of the Government. Supplementary Estimates (A), recently passed by this house and studied by the Standing Senate Committee on National Finance, contains an item of approximately $20 million for relief in Pakistan. By whom and how are those funds administered, and was any effort made to include surplus potatoes and chicken as part of the grant in aid?"

The answer is as follows:

> The supplementary Estimates to which the honourable senator refers will enable the Government to help in meeting the needs of refugees in India and to facilitate their repatriation to East Bengal. Canadian assistance for the relief of refugees from East Bengal in India has been administered through a number of different channels. The funds are provided by Parliament through the Canadian International Development Agency, which has responsibility for the allocation and disbursement of emergency relief assistance.
>
> The Canadian Government has provided approximately $22 million for relief of the refugees in India. Of this total some $5.26 million has been disbursed through the United Nations High Commissioner for Refugees acting as the focal point for co-ordination of

U.N. related relief activities. This money has financed the procurement and distribution of shelter material, relief supplies and food by UNICEF, WHO and the World Food Program in accordance with priority needs of the refugees as determined by relief personnel on the sub-continent.

Canada has provided rapeseed and wheat as foodstuffs for the refugees. Consideration has been given to the provision of other foodstuffs in consultation with the officials concerned with determining priority needs. They have indicated that there is no need for other commodities which Canada would be in a position to provide at the present time.

An additional $3.575 million in disbursements has been arranged through Canadian voluntary agencies operating relief programs in the area. These organizations include the Combined Appeal for Pakistani Relief, a number of church-affiliated groups, CARE and the Canadian Save the Children Fund.

Disbursement of an additional $600,000 through the Canadian Red Cross is financing the provision of urgently required medical facilities in co-operation with the League of Red Cross Societies.

The channels of disbursement of additional funds from the approximately $22 million Canada has agreed to provide will be selected in the light of the priorities as they emerge over the next several weeks. Announcements will be made by the Government in due course.

In addition to the $22 million in relief for refugees in India, Canada has also made available $7 million in the form of wheat for the population of East Bengal. Some of this wheat remains in storage in Singapore but will be shipped as soon as port facilities permit.

Hon. Mr. Phillips: Honourable senators, with your indulgence may I direct a question to the Leader of the Government? Am I correct that he said there was no need for other commodities in the Pakistani relief program?

Hon. Mr. Martin: I said that consideration has been given to the provision of other foodstuffs in consultation with the officials concerned with determining priority needs. These officials have indicated that there is no need for other commodities which Canada would be in a position to provide at the present time.

Hon. Mr. Phillips: Thank you very much.

The Hon. the Speaker: Honourable senators, since we are in the Question Period, are there any other questions to be asked?

LEGISLATION

CONSULTATION BETWEEN HOUSE LEADERS—QUESTION AND ANSWER

Hon. J. Campbell Haig: Honourable senators, I have given notice to the Leader of the Government of my intention to ask the following question:

In order to avoid a recurrence of what has happened recently in connection with the Income Tax Bill and the Farm Products Marketing Agencies Bill, would the Government Leader (Hon. Mr. Martin) consider it advisable to arrange a conference of the house leaders in the other place and a committee of this house, so as to avoid in the future the haste and apparent lack of attention to important legislation that reaches this place?

I know this problem has arisen in the past, and some solution should be found immediately.

Hon. Paul Martin: Senator Haig was good enough to give me notice of this question earlier today. In reply I would say that I do consider it to be advisable to arrange for such consultations. I propose to make arrangements accordingly.

Hon. Mr. Haig: Thank you, Mr. Leader.

IMMIGRATION

DETENTION WITHOUT ACCESS TO COUNSEL—QUESTION

Hon. Orville H. Phillips: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. I will not attempt to achieve the correct pronunciation of the name involved. Senator Fournier (De Lanaudière) says that he has difficulty understanding my Maritime accent. If I attempted to pronounce a foreign name it would be even more difficult to understand. However, recently I have noticed in the press and have seen much on television concerning a certain case in which an individual who was supposed to be a spy for Russia and, in turn, for the CIA, sought political refuge in Canada. I give those details for the information of honourable senators.

• (2010)

My question is: Is it normal practice to incarcerate a person for three to four months without the aid of legal counsel? From reading the newspapers and watching television, I gained the impression that this individual was incarcerated without the aid of legal counsel. The leader knows what I sometimes think about legal counsel.

Hon. Mr. Martin: Exactly what we think about dentists.

Hon. Mr. Phillips: They can be useful. I should like to know whether this is normal practice in immigration cases.

Hon. Mr. Martin: I do not know anything about the case. The individual has not been identified.

Hon. Mr. Phillips: May I attempt to assist the Leader of the Government? It is always my wish to attempt to assist him. The person's name is Seebag Montifiore. Does that name mean anything to the leader?

Hon. Mr. Martin: No.

Hon. Mr. Langlois: It is not French.

Hon. Mr. Phillips: The name is now on the record.

Hon. Mr. Martin: I will look into the matter or will see that it is looked into at once.

FARM PRODUCTS MARKETING AGENCIES BILL

THIRD READING

The Hon. the Speaker: When shall Bill C-176 be read a third time?

Hon. Mr. Martin: Now.

Hon. John J. Connolly: Honourable senators, perhaps it might be useful if I said a few words about the work of the Standing Senate Committee on Banking, Trade and Commerce to which Bill C-176 was referred on December 31. It will be recalled that the Senate adjourned some time after 4 o'clock that afternoon, whereupon the committee assembled and sat until approximately 6.30.

Hon. Mr. Haig: Six forty-five.

Hon. Mr. Connolly (Ottawa West): The committee heard from the Minister of Agriculture, the Honourable H.A. Olson, and the Deputy Minister, Mr. S.B. Williams, and many questions on policy and other matters were discussed. It is fair to say that on that occasion many members of the committee felt it desirable to have an opportunity of consulting with interested farm groups in their own areas of the country, with reference not only to the amendments proposed in the later stages of the proceedings in the other place but also to the principle and policy behind the bill.

Hon. Mr. Benidickson: This was Christmas Eve.

Hon. Mr. Connolly (Ottawa West): This was New Year's Eve. The committee therefore adjourned until Thursday, January 6 at 11 o'clock in the morning. On reassembling it sat until 7 p.m. with a short break for lunch. In addition to the minister, the deputy minister, and Mr. C. R. Phillips, the Director General of the Production and Marketing Branch of the Department of Agriculture, four outside witnesses presented themselves. They were Mr. Roy Atkinson, of the National Farmers' Union, Mr. C. A. Gracey, of the Canadian Cattlemen's Association, Mr. David Kirk, Executive Secretary of the Canadian Federation of Agriculture, and Mr. Joseph Hudson, a very substantial egg producer from Lyn, Ontario. In addition, submissions were received from the Consumers Association of Canada and were considered by the committee.

I think it fair to say that the examination of this bill was most extensive. I would go further and say that there was not a minute of time lost by the committee in the work it did. The questions asked, by both the members of the Government party and the Opposition party, were searching, probing and critical. They were designed to supply as much information as one normally gets in a committee of this house that is reviewing a piece of important legislation, as this bill is.

The report of the proceedings of the committee, I understand, has been available to honourable senators since this morning. In this connection, I should like to commend Mr. Georges Coderre of the Committees Branch for his assiduity in arranging this. I should also like to commend those in the Printing Bureau who did a very quick job of work in making this material available to the Senate this evening.

Perhaps it would be proper for me to say that the committee was impressed with the witnesses we had, and with the views they gave. I think honourable senators will also be impressed with the consideration the committee gave to those views. Without wanting to differentiate between the witnesses, I think it would be highly appropriate to say that the impression the Honourable Mr. Olson, the Minister of Agriculture, left with the committee was a very favourable one indeed. The minister came to the committee with full knowledge of the principles involved in the bill, as well as a detailed knowledge of the individual clauses. He performed as an expert, and with great expertise. He discussed some of the legal ramifications as capably as any senior counsel in the legal profession could discuss them. I think that all in all the committee was very impressed with his performance, not only on December 31 but also when the committee was dealing with the bill clause by clause.

I think that is a fair statement of the work done by the committee. I certainly commend honourable senators for their work. I was impressed with the kind of incisive questioning conducted, and not only by members of the Opposition. I commend the honourable Senators Grosart and Phillips for the patience they showed, and for the deliberate objectivity that characterized their work. I also commend many members on the Government side, including Senator Molgat, Senator Sparrow—who is not here this evening—and Senator Goldenberg. I am afraid that now I have mentioned three or four I perhaps should mention every member of the committee, because every one of them took a prominent part in the work, which was extremely well done.

• (2020)

Hon. Mr. Martin: Including Senator Argue.

Hon. Mr. Connolly (Ottawa West): Yes, Senator Argue. Unfortunately, I do not see him here at the moment.

Hon. Mr. Haig: Just name the whole committee and leave it at that.

Hon. Mr. Connolly (Ottawa West): Yes. I am sure that would be the best thing to do.

Hon. Orville H. Phillips: Honourable senators, before I begin my remarks on the bill I would point out that this is the anniversary of the birthday of Sir John A. Macdonald. Therefore, it is appropriate that I, as a Tory—and I do not mind being described as a Tory—should be opposing this bill on Sir John A.'s birthday.

My remarks may sound disjointed, because of some confusion this afternoon. I wished very much to go home to be present at a dinner for my son Robert, who is 15 today, and I have not had an opportunity to straighten out my notes. In any event, I do not usually follow them, and that may improve my speech.

Honourable senators, on December 31, when this bill was referred to the Standing Senate Committee on Banking, Trade and Commerce, the acting chairman was Senator John J. Connolly. At this point I digress to thank him for his courtesy to us on this side. We were a small number. In the house that day, at the time when the bill was about to be referred to committee, we had a feeling of frustration, but we also had hope and a certain feeling of anticipation. Senator Connolly gave us every opportunity we could wish in the committee; indeed, he bent over backwards. For all that, I thank him publicly now.

At the point of the commencement of the committee's consideration of the bill on December 31, Senator Connolly said he sensed a certain mood in the committee. So did I, but the mood I detected was one not so much of opposi-

tion as of mistrust. It was a feeling that the bill is useless; that it is doomed to failure.

At the adjournment of the committee meeting I hoped that when we resumed that mood would continue. However, it did not. It is interesting to note that at noon on January 6, the day the committee met again, the senators supporting the Government had a caucus, and it was after that caucus that the whole mood changed. I do not know what happened or what took place in that caucus; I simply know that the mood changed.

I do not know whether it applies to the whole of Canada, but in the Maritimes at least we have an expression in the English language that is very descriptive of what I think has happened. When somebody takes the narrow, little loopholes to get out of a situation, in order to excuse him, we say that he "weaseled out of it". I should like to point out that certain species of the weasel family, the martens, change their colour during the winter for protection. They become white, and very inconspicuous in winter. That is exactly the way the Liberal caucus has come out of this situation—very inconspicuous.

I should point out that we on this side did not go into that committee meeting on January 6 looking for a fight with the Government supporters. I particularly do not believe in that. I believe it is the Senate's function to improve legislation, if possible—and God knows there is enough in this bill that could be improved. No, we did not go into that committee meeting looking for a fight; we went in there to attempt to improve the legislation. But I am afraid that does not hold true for some of the Government supporters. I could name them, but I am not going to do what Senator Connolly did. I am not going to put those names on the record. I shall simply sum it up by paraphrasing a biblical saying: In your questioning you were as wise as serpents, but in your voting you were as harmless as doves.

On all the amendments moved and in all of the questioning in committee there was, to my knowledge, only one vote from Government supporters. Are those supporters really that much in favour of the bill that there would be only one vote in committee, and that on merely a subclause? I ask each and every one of you: Are you that much in favour of socialism that you could only give one vote in committee?

• (2030)

You knew the bill was going to pass. You knew it because the honourable Senator Martin had put the whip on. He "Martinized" you in that caucus, but you could have given us, the Opposition, a few votes. You could have allowed those from western Canada and indeed those from the Atlantic provinces to vote for our amendments, to show concern for the various regions of Canada. But no, the Senate had to be "Martinized". I am probably using the wrong term—it should be "Martinizing" which I understand is a term used by a dry cleaning establishment, or, in essence, whitewashing. That is essentially what the honourable senators opposite went though.

The bill itself does nothing for the farmer. It is, honourable senators, nothing more than political marijuana. You smoke the bill and get dreams and hopes for the future, but you do not get any profit from it. I a| n greatly concerned that this is being presented to the farmers of this country as a solution. But it cannot be a solution without an import quota.

Later, when I sum up my remarks, I shall probably come back to this, but I want to digress for a moment to refer to the remarks made by Professor MacGregor of Guelph University yesterday before the Ross Inquiry into egg and poultry production in the Province of Ontario. I had intended to bring with me the press clipping, but unfortunately I left it at home. However, I am sure that honourable senators will at least allow me to give my interpretation of what that newspaper report states. It states that Professor MacGregor said that he could see no further tariffs on agricultural products—that is under the bill we are now discussing,—unless there was actual dumping, and he went on further to confirm my viewpoint when he said there is no price advantage. The only advantage under this bill is stability of production, not stability of price.

Professor MacGregor stated further that there are other ways of marketing instead of the quota system. In other words, you could take out the supply management feature that is so heavily emphasized throughout this bill and go after exports. If you have a surplus of something, then you sell it somewhere else. To me it has always been confusing that if you have a surplus of cars you sell them some place else, but if you have a surplus of potatoes, chickens or beef, there seems to be no effort made to sell these commodities in foreign markets. I think we are making a great mistake in this regard.

Honourable senators, with your indulgence I should like to move on briefly to certain objections that I raised on the second reading of this bill. I shall be somewhat less lengthy, I hope, than I was on second reading. I want to reiterate these objections, and say why I am voting against this bill. I do not propose to give all my objections because if I did we would be in continuous session until about this time next week.

I emphasize, first of all, the fact that there is no quota on import control. Throughout the committee meetings I was intrigued by the fact that various people kept referring to an editorial in the *Globe and Mail.*

Are you with me, Senator Martin?

Hon. Mr. Martin: Everybody is with you. Go ahead.

Hon. Mr. Phillips: Or are you with the page?

Hon. Mr. Martin: I am with you now.

Hon. Mr. Phillips: Could I ask your indulgence? Thank you.

The *Globe and Mail*, published an editorial that referred to the effects of the passage of this bill, and it laid particular emphasis on the quota system. Throughout the bill you will find that the quota system is the answer.

• (2040)

Honourable senators, before you vote on third reading, I would remind you that the quota system has failed drastically. In the past, dairy farmers on the quota system have been able to produce only so much milk and so much butter fat, and have been paid according to a certain schedule. If you go over the schedule, then down the scale you go until it is not profitable to overproduce.

What have been the results? I remind honourable senators of those results. The Dairy Council is paying 64½ cents per pound to the American producer. On top of that, they are paying transportation costs. This is far more than the Canadian producer receives. There are many questions that I could ask, but I shall limit myself to one. Since Canada is importing butter from the United States, what has happened to all of our experts in supply management?

Honourable senators, I refused to watch a program in which the Prime Minister was featured on Sunday evening. However, I have listened to several radio broadcasts since that time in which he indicated the main issue in the next election will be American domination of Canada. Our Government has experts in supply management, and with the number of farmers we have in Canada we still end up importing butter from the United States and paying the American farmer more than we pay the Canadian farmer. When you come out fighting in this regard, I will be there to meet you.

Earlier in my remarks, I mentioned there were no import controls. I also referred to a *Globe and Mail* editorial which pointed out that the Americans were now able to produce broilers at 14½ cents per pound and ship them almost anywhere in the world, and still end up with a profit. Under this bill, we are restricting our broiler quota. We are inviting American efficiency to come in and compete with us.

A witness who very much impressed me stated that in 1942 he had 35 hens on his farm. He gave us a history of his farm and indicated that he moved from beef to broilers to eggs and had, at the present time, approximately 300,000 hens. He was wondering how our quota system was going to deal with the two-way traffic system.

The plan outlined in this bill is not national in scope, and I would like to emphasize the word "national" while it is still in the description of the bill. It is not carried forward throughout the bill. Any area—and "area" has not been defined—can participate under the bill, or any area can refuse to participate, according to answers given by the Minister of Agriculture who appeared before the committee. However, they are entitled to their additional market.

Honourable senators, I do not want to mention any particular province, but can you imagine the confusion which would occur if province A does not participate in this bill, but province B does and accepts the political marijuana you are giving it. Participation is not mandatory; it is up to the particular province. Province A can still ship into the area of province B. But the producer in province B is under the quota system. His production is restricted.

I would emphasize that this is in direct contradiction to the special report of the Standing Senate Committee on National Finance which indicated that the Canadian public was not ready for wage and price control restrictions. However, this is exactly what is done when a producer in province B can produce only so many hens or broilers, or only so many eggs. On the other hand, however, in area A anyone can take advantage of the Senate recommendation and undercut the producer in province B. If it is your wish to pass this legislation, pass it; I will not approve it.

• (2050)

During the committee meeting Senator Grosart and I raised the question of the first amendment, which deals with clause 2. During the debate Senator Connolly, as acting chairman of the committee, said that he hoped the Senate would not become "hung up" on a comma. Admittedly, a comma is very insignificant and can easily be passed over when reading a sentence in the English language. May I, Senator Connolly, reverse the question and ask whether you would like the Senate to fail because of a comma? In that regard I would point out that the very situation argued against by Senator Grosart and me has occurred in various provinces. British Columbia has established marketing agencies by authority of order in council. Ontario has done the same thing. There was no vote with respect to the Ontario Milk Commission, no plebiscite; just an order in council establishing it. Do you still think, Senator Connolly, that the comma is as insignificant as you thought when you were presiding over that committee?

Hon. Mr. Connolly: Yes.

Hon. Mr. Phillips: You do. Well, I hope for the sake of the producer that you are right. I think you are wrong, and that time will prove it.

I expressed, particularly in committee, great concern that the council will have power to establish quotas. It is fine to think of quotas as representing the large production of individual farmers. However, honourable senators, let us go on from there for a moment and consider the effect of establishing quotas. Here I would like to refer particularly to the remarks of the Minister of Agriculture before the committee. He stated that he hoped potatoes would be the next product to be covered by the provisions of the bill. I am greatly concerned. I represent a small province, admittedly, but I still like to feel I represent it. I hope I understand its problems and that I can present them to Senate which, in its wisdom, will give them sympathetic hearing. Our economy is based on the production of potatoes, of which we have two types. We take a particular pride in our seed potatoes, which are for the large part exports. On the other hand, we produce a superior type of table stock, which are marketed in central Canada.

It concerns me, honourable senators, that the bill contains a clause empowering the Council to decide the quota, not from province to province but from area to area. I ask you to consider the effect on the economy not only of my province, but that of New Brunswick, immediately a quota is accepted. It would be, in my humble opinion, economic suicide for the two provinces to enter into such an agreement.

Unfortunately, we did not have the opportunity to have a witness really involved in the potato industry appear before the committee. This was probably due to two factors—the time element plus the fact that the bill is at present restricted to eggs and poultry. The Maritime provinces, not being large producers of eggs or poultry products, have overlooked the full implications of the bill.

• (2100)

A further objection is in the fact that the plan, through its quota system, locks in certain farms. It was pointed out in committee that certain farms controlled a percentage of the production quotas within Ontario. Evidence was given that feed companies had moved in, had purchased those quotas, and were now in a position to control the market. I shudder to think what would happen in my province if producers of fertilizers used the quota system in the same way that feed companies have used it in Ontario. Feed companies in Ontario now control 50 per cent of the quota in poultry products, and I predict that within two years of the passing of this legislation fertilizer companies will control 50 per cent of the potato production of Prince Edward Island and New Brunswick. That, to my mind, is nothing short of economic suicide.

Senator Martin, when the Bill of Rights was being debated in the other place, set himself up as a champion of individual rights and maintained that an individual should have the opportunity of doing as he pleased. He even suggested that it should be written into the Bill of Rights. I am sure that the honourable senator recalls his speech on that occasion. He may even have moved an amendment in that regard.

How will a young man who wishes to farm, who has passed through agricultural college or has taken a special course at one of our community colleges, obtain a licence to farm? Under the provisions of the bill one must have a licence in order to produce or to market one's products. There is no equivocation in this regard.

May I ask Senator Molgat if he is interested in what I am saying?

Hon. Mr. Molgat: Certainly. I am discussing the matter with your house leader.

Hon. Mr. Phillips: Send him back to his seat. The point which intrigues me is that we have so many lawyers interested in the bill. I have a son studying to enter the legal profession. At the moment there is a surplus of lawyers. I ask those members of the Senate who are members of the legal profession whether they are willing to consider a bill that would limit the amount of practice they may carry on.

Hon. Mr. Molgat: Hear, hear.

Hon. Mr. Phillips: Would honourable senators be willing to do that? If not, they should not impose a similar limitation on someone who is willing to work on a farm and produce.

I am concerned also about the fact that a province can opt in and out, and I attempted to move amendments in this regard. Provinces can join the scheme for three or five years, and then opt out. On the other hand, under clause 39, the federal Government, through order in council, has the right to opt out on 90 days' notice. To my mind that is absolutely ridiculous. No one enters into a contract where the other partner can opt in and out at his or her pleasure, or in which one partner can terminate his partnership on 90 days' notice.

I turn now to the division of the percentage of quotas. If Senator Lamontagne has anything to say, perhaps he would say it out loud so that I can hear. He is usually ashamed of his remarks, but he does not need to whisper them. I have forgiven him in the past. If he has anything to say, perhaps he would say it out loud. What were your remarks, senator? Since Senator Lamontagne has now become silent, I will move on to the point that I wanted to make.

Hon. Mr. Benidickson: I was contributing to that discussion. I hope it did not interfere with the remarks of my esteemed friend. I was merely saying that in the other place there was one hundred per cent representation from my honourable friend's party. They dealt with the bill for two years. I am a little surprised that the honourable senator has so much criticism of it, when they apparently accepted it on December 31.

• (2110)

The Hon. the Speaker: Order. I do not think the honourable senator was rising on a question of privilege or a point of order. He was trying to obtain an explanation. I would point out that he will later have all the time he wants to do that.

Hon. Mr. Phillips: I appreciate Your Honour's remarks. I am sure that the honourable Senator Benidickson was, as he always does, attempting to contribute his best to the discussion in the Senate. However, I know he will forgive me for asking, if we are to accept every decision of the other place and rubber-stamp it, what the hell are we here for?

Hon. Mr. Benidickson: I agree.

Hon. Mr. Phillips: I am here to raise objections after the bill has been passed in the other place, and that is what I am attempting to do.

Hon. Mr. Benidickson: I agree.

Hon. Mr. Phillips: You agree, sir. Thank you very much.

I had begun to discuss the question of how a quota will be divided between various areas. It will be recalled that I raised certain objections to members of the marketing council holding office during pleasure. In fact, in the committee, if my memory serves me correctly, I moved an amendment to the effect that they hold office for ten years.

I ask your indulgence, honourable senators, to refer to an article in the publication *Farm and Country*, on page 8 of the edition of December 21, 1971. I would like to read the whole article into the Senate record, but I think that would be unfair. I would, however, be glad to supply anyone with a copy of the article. It states that the broiler producers in Ontario are greatly concerned about the negotiations going on with the Province of Quebec. It is interesting to note that the negotiations have been going on prior to the passage of this bill.

The article states that the Province of Ontario has a population of seven million, the Province of Quebec has a population of six million, and therefore there should be a split of seven to six. It goes on to point out that the two provinces between them have 74 per cent of the broiler market in Canada. There have been several meetings, as a result of which Quebec asks for 39 per cent of the market, and Ontario can have 34 per cent. In turn, Ontario has suggested an agreement whereby they each take, I believe, 37½ per cent. The total figure comes out to 74 per cent. It has been recommended that the Ontario pro-

ducers have given the City of Ottawa to the Province of Quebec. It is complained that the Quebec producers want a certain section of the Toronto market, which is considered unfair.

The article also states that the Minister of Agriculture for the Province of Quebec is backing the Quebec producers. It is logical to assume that the Minister of Agriculture for the Province of Ontario will in turn have to back his producers. If he does not, he will have many problems on his hands, not only his own re-election but the re-election of his government in Ontario, as indeed will the Minister of Agriculture for the Province of Quebec. Who will adjudicate in that dispute? Who will settle it, and on what basis?

Honourable senators, are you going to take the population basis for the distribution of quotas? If you are, we in the Atlantic provinces are through. We will have committed economic suicide by agreeing to this bill.

Prior to the passage of this bill the arguments, dissensions, and distrust have already begun throughout the various regions over this matter. I emphasize that as a representative of the Atlantic provinces I must watch this. It is not up to me to tell the western representatives what to do, but I strongly suggest to them that they had better have a good look at that clause and watch it very closely.

• (2120)

I predict that when it comes down to the final allocation, whether it is 39, 34 or 37½ each, the Governor in Council, through the Prime Minister, will have sticky political fingers in there, and will allocate according to the need for votes. That is why a member of the council holds office during the pleasure of the Governor in Council.

I cannot emphasize more emphatically my fear of the allocation of quotas to various regions. It is based on this article, which is by no means hypothetical and is one which I have checked out.

Honourable senators, it has always been my custom, in closing my remarks on legislation, to state those features of which I approve, those which cause me some concern, and those to which I am diametrically opposed. In this bill I can find but one thing, and I ask you to accept my remarks in the spirit in which they are made. Earlier I accused honourable senators opposite of having gone through a "Martinization". However, this bill provides not only for a quota but for a cancellation of items. And if such a sudden reversal of attitude should occur again, I have at least one appeal. I can go to the marketing council and ask it to do one of two things—either put a quota on the number of senatorial chickens, or cancel Senator Martin's licence to produce senatorial chickens.

Hon. Hervé J. Michaud: Honourable senators, I wish at this time to express my pleasure in being able to support the legislative measure now before this house, Bill C-176. One gratifying aspect of this proposed legislation is the degree of unanimity with which it has been requested or supported by the provincial governments.

I was particularly pleased to hear that the ministers of agriculture of the Maritime provinces had endorsed the bill. It need not be emphasized at this point that the Maritime provinces during past years have had their share of problems in the field of agriculture. Expressions of concern have been voiced recently from all sides, particularly with regard to egg and poultry production and hog production in those provinces. Nova Scotia has been encountering difficulties in its own specialized crop of apple production. New Brunswick and Prince Edward Island, on the other hand, are concerned mainly about the market situation affecting the potato production, which is a specialized crop in those two provinces.

As is well known by most honourable senators, the best table potatoes on the continent are grown in New Brunswick and Prince Edward Island. Potatoes are, by far, the most important and most valuable farm crop grown in those two provinces.

It should be noted at this point that the annual potato production in the Province of New Brunswick stands between 7 and 8 million barrels. In dollar figures, this means approximately $20 million, which also represents 30 per cent, approximately, of the annual farm income of the province. When prices and markets for potatoes are reasonably good, the agricultural sector of our economy flourishes. When markets and prices are bad, the farm community and the whole economy suffer.

For several years, domestic markets and prices for table potatoes have been soft and farm losses have been substantial. Hundreds of potato farmers have been forced out of business. Although this affects agriculture and the general economy of New Brunswick and Prince Edward Island most severely, it also has a serious effect upon the economy of central Canada and the nation.

Potato farming is one of the heaviest users, or consumers, of fertilizers, agricultural chemicals, implements, tractors and numerous other items of heavy farm machinery and equipment. Honourable senators will appreciate that when hundreds of potato farmers are forced out of business, the manufacture and sale of such machinery and products must also diminish. The result, of course, is lost markets and lost jobs in the manufacturing sector in central Canada—and the whole economy suffers.

The National Farm Products Marketing bill, which is now before us for third reading, is basically only permissive legislation. It provides a vehicle, or umbrella, to be used by producers and provinces in attempting to bring an end to wide fluctuations in both markets and prices for farm products.

It is my opinion that this legislation, if properly utilized by the potato industry and the grower provinces, could prove highly beneficial in overcoming the now chronic market and price problems of that industry.

Traditionally, Maritime-grown table potatoes have enjoyed a major share of the central Canadian market. Their unexcelled quality, within an organized marketing structure, should almost guarantee to Maritime producers a continuing principal share of that market.

• (2130)

As soon as this legislation becomes effective, I would urge the potato producers and governments of New Brunswick and Prince Edward Island to get on with the necessary co-operation and organization that will be required in order to take full advantage of this enabling legislation.

[*Translation*]

Honourable senators, it has often been said and written that the national, human and social value of agriculture is greater than its economic value and that it was therefore important to ensure the existence of a healthy and prosperous agriculture in our country. The federal Government as well as provincial governments are aware of this importance. Here is what the federal Minister of Agriculture, the Honourable H. A. Olson, stated recently in this regard:

> The pressures brought to bear on agriculture in all developed countries have forced thousands of farmers off the land within recent years. Canada is no exception. Canadian agriculture has recognized that the approach to the problem should be bold and imaginative.

And further on, he added:

> Economic studies and experience indicate the family farm to be the best type of agricultural operation and it is within that context that we have set up a complete program to assist the small farmers of Canada in building up profitable family farms.

It may therefore be hoped that the bill now before us, Bill C-176, to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products, will contribute to arriving at the solutions required for the many present agricultural problems of our country, thus offering a better future to Canadian farmers.

[*English*]

Hon. Gildas L. Molgat: Honourable senators, I should like to express my thanks first to the honourable members of the Senate for having agreed on December 31, New Year's Eve, to refer to committee the bill we are now debating, and, second, to members of the Standing Senate Committee on Banking, Trade and Commerce for having agreed to discuss the bill in committee at a later date. Senator Langlois had made the commitment here in the house that he would be prepared to move that in committee. Subsequently, the Senate agreed to put some of us who were concerned about this bill on the committee itself so that we would be able to participate fully. I much appreciated that and I have wanted to express my thanks for the action of honourable senators in that regard.

This particular bill is of major concern to certain regions of the country; certainly, it is of major concern to my own province. However, before going into a discussion of the bill itself I should like to say that I listened with some regret to certain comments made by Senator Phillips this evening. In fact, I was tempted on one or two occasions to rise on a question of privilege because of certain comments he made regarding the caucus of the Liberal Party and the supposed pressure that was put on members of the Liberal Party.

Hon. Mr. Phillips: It would really not have disturbed me if you had.

Hon. Mr. Molgat: Had I risen, it would not have disturbed Senator Phillips, he says. Well, that is the reason I did not get up. I realized that what Senator Phillips was describing is what actually goes on in the Tory caucus. Had I thought for one moment that he was describing what was going on in the Liberal caucus I should have objected, but he was obviously describing what goes on in his own party circles.

Hon. Mr. Phillips: I am sorry to interrupt my friend.

Hon. Mr. Molson: Order.

Hon. Mr. Molgat: It was not necessary for me to object, because that is not what goes on in our group.

Hon. Mr. Phillips: I am sorry to interrupt.

Hon. Mr. Molson: Order.

Hon. Mr. Phillips: However, I cannot resist asking this question of Senator Molgat.

Hon. Mr. Molson: Order.

Hon. Mr. Phillips: Senator Molgat, are you now prepared to tell us what went on in that caucus?

Hon. Mr. Molgat: I do not think it is necessary for me to discuss what goes on in our caucus, but I think I can say quite openly that no one in our caucus, including Senator Martin, pressures anyone else. My colleague Senator Phillips described Senator Martin as "Martinizing" people. He does no such thing within the Liberal caucus, and to my knowledge he has never done so at any time. I sit within the Liberal caucus in a very comfortable position—not being forced to do one thing or another, but simply discussing things absolutely openly and agreeing, if I so wish, or disagreeing, if I do not care to agree. That is the situation.

Hon. Senators: Hear, hear.

Hon. Mr. Molgat: That to me is the proper way for a party caucus to function within the framework of the Senate structure.

I might also say that Senator Phillips referred to a news story. I believe it was from the *Farm and Country*. If I am not correct, I would ask him to correct me, but if I am correct, I should like to refer him to a letter to the editor in the *Globe and Mail* of January 5 from the editor of the *Farm and Country*, Mr. John Phillips, in which he specifically states the following:

> Agriculture is probably the last major industry in Canada and the United States without production planning. No sensible businessman sees virtue in producing to the limit of plant capacity if there is no profitable market for his output.

Later on he asks:

> Why should farmers be criticized for adopting the same techniques?

Basically, Mr. Phillips supports the bill.

Hon. Mr. Phillips: Mr. Phillips is no relation of mine.

Hon. Mr. Molgat: Regardless of whether Mr. Phillips supports the bill, a number of us from western Canada had reservations about this bill. I state again that I still have certain reservations about this bill. Our concern is that marketing boards can become inward-looking; that instead of looking towards the expansion of markets and towards the greater development of the agricultural industry, the tendency of the marketing board will be to

look towards the restriction of production in order to achieve a higher price for the producer. Certainly, we want a higher price for the producer, but we see a danger in putting too much emphasis on getting that higher price by restricting production. Rather, we would prefer a more open and outgoing approach, looking to the expansion of production and going into the export markets more aggressively. I suppose this is the basis of the fear of most westerners who have expressed concern about this bill.

• (2140)

There are some specific matters in the bill itself which concern us as well and to which we have already spoken. For instance, the definition of producer. Who is a producer? In the bill itself, recognizing that it is an enabling bill and that we are merely permitting provinces to do certain things within a federal statute, the provinces have the right to determine who is a producer. But, honourable senators, there can be different decisions by different provinces as to what constitutes a producer. This is one matter which concerns us. We would rather see a national definition so that there would be, at least, equality. We are also concerned that any decision should be made to establish a marketing board without a clear-cut vote by the producers, that is to say those people who are primarily concerned in the industry, the people who are producing, be it hogs or chickens or eggs. We are concerned to see that those people involved in production should not be forced into a marketing system or a marketing plan without a clear-cut vote on their part. The bill did not completely satisfy us in that regard. We are concerned lest this bill should lead to a balkanization of the Canadian market. We believe that the Canadian market, since we consider ourselves to be one country, must be open to the producers of every part of this country. Just as we would not want to say that shoes for Manitobans must be produced by Manitobans, neither do we want to say that hogs or cattle for the people of Ontario must be produced in Ontario. We want free access to all markets in Canada for all producers in Canada.

I have already expressed my thanks to honourable senators for agreeing to send the bill to committee and to having the discussion some days after its introduction here, because it gave to those of us who are particularly concerned about this an opportunity to speak to various producer groups. I spent the time between New Year's Eve and the resumption of the committee hearing discussing this bill with as many people in western Canada as I could possibly reach in order to obtain their point of view. In general those who we have been told are primarily concerned—that is the poultry and egg producers—expressed the view that they wanted the bill passed. They were not absolutely convinced—at least those I spoke to were not—about all of its details, but at least they felt it was a forward step and they were prepared to proceed on the basis of seeing what the bill could do. Others who had exhibited some reluctance from the outset, that is the hog and cattle producers, were still concerned about the bill, but the amendments particularly in paragraph (c) of clause 2 and the new subclause (3) of clause 18 seemed to provide sufficient protection that they would not be forced into a program that they did not want. So that period provided at least an opportunity for additional consultation which I particularly wanted. I think it would have been possible to have many more representations before the Standing Senate Committee on Banking, Trade and Commerce if there had been more time. One group in particular from western Canada, that is the United Grain Growers which represents a large body of western grain growers, would have been prepared to appear before the committee if there had been more time. I learned this from their president. This organization still expresses substantial reservations about the bill, and I personally should have liked more time for consultation with them. But all things considered, honourable senators, the problems in the chicken and egg industry, the particular sections and the amendments put in the bill, and the fact that there is no compulsion on hog and livestock producers, I believe that it is in the general interest of agriculture to pass this bill at this time.

But I want to put on record very clearly as I did in committee the reservations that we have. I want to make it abundantly clear that should there be at any time in the future any indication of an inward attitude on the part of any board that may be set up, or should there be any indication of an attempt to balkanize trade within this country, to set up specific protected markets within Canada for agricultural products, I personally, and I am sure the producers of western Canada, would totally oppose any further extension of this bill and would come back here asking for it to be repealed. We do not view Canada simply as ten separate markets; we see Canada as a united whole. I want to make it very clear at this point that keeping in mind the reservations that have been expressed by western producers in the various briefs presented to the House of Commons and the statements that have been made before our committee, the comments made here in this house by my western colleagues, we are prepared—at least I am prepared—to see the bill pass at this time. However, it is with the clear-cut understanding that if the fears we have expressed materialize in any way in the future, then we want to be able to come back on the floor of this house and say to honourable senators at that time that that was not the understanding on which this bill was passed at this stage.

Hon. Senators: Hear, hear.

The Hon. the Speaker: Honourable senators, it is moved by honourable Senator Martin, seconded by honourable Senator Connolly (Ottawa West), that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Mr. Phillips: On division.

Motion agreed to and bill read third time and passed, on division.

• (2150)

ROYAL ASSENT
NOTICE

The Hon. the Speaker *pro tem* informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

January 11, 1972

Sir,

I have the honour to inform you that the Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber tomorrow, the 12th day of January at 11:00 a.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,

Sir,
Your obedient servant,
Louis-Frémont Trudeau,

Brigadier General.
Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

SCIENCE POLICY

STATEMENT BY CHAIRMAN RE PUBLICATION OF VOLUME II OF COMMITTEE'S REPORT

Hon. Maurice Lamontagne: Honourable senators, I would ask leave to make a short statement regarding the publication of Volume II of the report of the Special Senate Committee on Science Policy.

Some Hon. Senators: Agreed.

[*Translation*]

Hon. Maurice Lamontagne: Honourable senators, I would like in the first place to thank you for having adopted in my absence the motion presented by my honourable colleague Senator Cameron. It will enable the Special Senate Committee on Science Policy to publish Volume II of its report while this house is not sitting.

We had hoped in December that this volume would be published early in January. As a matter of fact, it was precisely the object of the motion presented by my colleague Senator Cameron. However, the absolutely unusual situation which has developed in both houses during the last part of December has given a great deal of extra work to the Queen's Printer thus delaying the printing of the committee report.

[*English*]

As it stands, Volume II of our report will be released to the press in page proof form next Tuesday at 9 a.m. This will be followed by a press conference at 10 o'clock at which members of the steering committee will be available for questioning. The final printed volume will appear on January 24 or 25, and I will be pleased to table it as soon as this chamber reconvenes in February.

The second volume will bear the title: *A Science Policy for Canada—Targets and Strategy for the Seventies.* It will deal with what has become known as the first generation of science policy which covers not only basic research, but also research and development activities leading to economic innovations. It will also include about 60 specific recommendations, some of which will deal with reorganization of federal agencies responsible for that policy.

Finally, in a subsequent volume which, I hope, will appear some time this spring, the committee will deal with what has been called the second generation of science policy which covers the entire field of social innovations.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Wednesday, January 12, 1972, at 10.50 o'clock in the forenoon.

Motion agreed to.

The Senate adjourned until tomorrow at 10.50 a.m.

THE SENATE

Wednesday, January 12, 1972

The Senate met at 11 a.m., Honourable Maurice Bourget, P.C., Speaker *pro tem* in the Chair.

Prayers.

The Hon. the Speaker: Honourable senators, is it your wish that the Senate adjourn during pleasure to await the arrival of the Honourable the Deputy of His Excellency the Governor General?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

At 11 a.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

> An Act to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

ADJOURNMENT

Hon. Léopold Langlois: Honourable senators, I move that when the Senate adjourns today it do stand adjourned until Wednesday, February 23, 1972, at 2 o'clock in the afternoon.

Honourable senators, I would like to add a word of explanation. Although this motion calls for the Senate to adjourn until February 23, it is almost certain that we will be recalled for February 16 for the purpose of proroguing the present session and very likely opening a new one.

Owing to some ambiguity that still exists about the exact date of prorogation of the present session, it has been deemed necessary to adjourn and have a week to play with in case some change occurs in the decision of the Government as to prorogation of the present session. Should the present plan of the Government not materialize, the Senate will be recalled for February 16, with the usual notice from His Honour the Speaker to each and every one of you.

Motion agreed to.

PARLIAMENT HILL

SNOW REMOVAL FROM SIDEWALKS—QUESTION

Hon. Hartland de M. Molson: Honourable senators, I hesitate to bring up an unimportant matter just before a lengthy adjournment, but I would like to call the attention of the Leader of the Government to the fact that on November 25, 1971, I asked him if some provision could be made to keep a clear approach to these buildings on the east side. During the last two years for some reason snow-ploughing on the path to the east of the East Block has been discontinued, and cars are parked on the sidewalk at the back of the East Block. As a consequence, pedestrians coming here to work, including some senators, have to walk on the roadway. At night particularly this can be very dangerous, and moreover walking in the slush is not pleasant.

I do not think it is too much to ask the Leader of the Government to follow through my previous inquiry, and see whether the responsible authorities can do this simple thing.

I might add that the answer of the Leader of the Government to my question on November 25 last was that he would look into the matter. My question now must be: Did he look into the matter and, if so, what does he expect in consequence?

Hon. Mr. Langlois: I am pleased to be able to give Senator Molson the assurance that his complaint has been looked into and his request is receiving due consideration. I shall be pleased to have a reminder sent to the appropriate authorities in due course.

Hon. Mr. Molson: I thank the acting leader.

The Senate adjourned until Wednesday, February 23, 1972, at 2 p.m.

THE SENATE

Wednesday, February 16, 1972

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PROROGATION OF PARLIAMENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

14th February 1972

Sir,

I have the honour to inform you that the Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber at 2 p.m. on Wednesday, February 16th, for the purpose of proroguing the Third Session of the Twenty-eight Parliament of Canada.

I have the honour to be,
Sir,
Your obedient servant,
Esmond Butler

Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

PROROGATION SPEECH

The Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to close the Third Session of the Twenty-eighth Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The Third Session of the Twenty-eighth Parliament was opened on October 8, 1970. The 496 days that have elapsed since that time represents the longest period in history to pass between the opening and the prorogation of a session of the Parliament of Canada. During this period, the Senate has held 138 sittings, more than in any other session, and the House of Commons has held 244. You have enacted much important legislation and approved many government actions of great significance for Canadians.

During this session, Canada was honoured by the visit of Her Majesty the Queen, the Duke of Edinburg and Pricess Anne, all of whom participated in the celebrations of the Centenary of the Province of British Columbia.

The session began at a time when the peace and order of the nation was threatened. You approved actions to deal with these dangers and as a result the use of violence to attain unlawful objectives was discouraged and the rule of law maintained.

In the sphere of external relations, the Government has continued its policy of seeking new friends while strengthening relations with old ones. Canada exchanged ambassadors with the People's Republic of China and voted at the United Nations to install the Peking Government in the China seat. The Prime Minister visited the Soviet Union and in return the Soviet Premier visited Canada. The Prime Minister and his colleagues received the Presidents of Yugoslavia, Nauru and Niger; the Prime Ministers of the United Kingdom, Ceylon, Ghana, Malaysia, Fiji, Senegal, and Israel; the Foreigh Ministers of France, Ireland, Roumania, Trinidad and Togabo, and Poland; and the Secretary General of the North Atlantic Treaty Organization. The Prime Minister visited the United States and the President of the United States has indicated that he will visit Ottawa this year.

Consistent with Canada's desire for closer relations with the countries of Latin America and with its determination to assume a more positive role in the Western Hemisphere, the Government applied for, and was accorded Permanent Observer status within the Organization of American States.

Aware of the significance for the world as a whole and for Canada in particular of the enlargement of the European Economic Community, Ministers have had frequent consultations with the European Economic Commission, the Government of the United Kingdom and the governments of member countries. The Prime Minister and his colleagues also received the President of the European Economic Commission.

The Government signed a Protocol on Consultations with the Soviet Union and entered into agreements for scientific and technological exchanges with Belgium, the Federal German Republic and the Soviet Union.

In furtherance of the priority Canadians have accorded to disarmament and arms control in the maintenance of world security, the Government has continued to take a leading part in the work of the Committee of the Conference on Disarmament, particularly in the efforts to reach a comprehensive Test Ban that would prohibit the testing of nuclear devices in the atmosphere, the oceans and underground.

To assist the developing nations of the world you have increased the total aid budget. In the recent tragic events in India and Pakistan, the Government moved quickly and effectively to bring humanitarian relief to the refugees in India and to assist in the rehabilitation of the war torn area.

Conscious of the need to explain to Canadians the changes taking place in defence policy and in defence planning for the future, the Government tabled in the House of Commons a White Paper on Defence.

In the past year, the growth rate of Canada's real Gross National Product has exceeded that of any industrialized country in the world. The rate, too, at which Canadians entered the work force surpassed that of all industrial nations. It is a matter of continuing concern to the Government that the rapid increase in the labour force has left many Canadians without work notwithstanding the impressive increase in the number of jobs created. The rise in output and in employment has been attained, however, without jeopardizing Canada's unmatched achievements in the area of price stability.

You have had to deal with some unusually difficult economic problems including a major crisis of the international monetary system. You passed the Employment Support Act to assist companies adversely affected by the temporary import surtax of the United States. In order to ensure continuing expansion of the economy, increasing employment and decreasing unemployment, the Government invoked a series of measures including a reduction of individual and corporate income taxes. To meet the special requirements of certain segments of our population, stimulate employment and encourage initiatives at the local level, Opportunities for Youth and Local Initiatives Programs were implemented.

To assist further the development of Canadian industry, you have approved the Textile and Clothing Board Act, and you have amended the Export Development Act, the Anti-Dumping Act and the Canadian New Zealand Trade Agreement Act.

You approved amendments to the Farm Improvement Loans Act, the Fisheries Improvement Loans Act and the Small Businesses Loans Act to facilitate, by means of a government guarantee, the provision of term credit by the chartered banks and other designated lenders to farmers, small businessmen and fishermen.

To assist the orderly conduct of business you have passed the Investment Companies Act and the Co-operative Association Act.

Consistent with the Government's policy of encouraging the economic development of the less prosperous parts of Canada, you have amended the Regional Development Incentives Act.

To help develop and maintain strong Canadian-controlled and Canadian-managed corporations in the private sector and to provide Canadians with greater opportunities to participate and to invest in the economic development of Canada, you have approved the creation of a Canada Development Corporation.

Much of the time of this session has been occupied by the question of taxes. You have approved eight acts affecting all manner of taxation in Canada and affecting some international tax agreements. The approval of one of these acts resulted in the complete revision of the Canadian system of taxation and in a more equitable distribution of the tax burden amongst all Canadians.

You have also responded to the needs of Canadians for improved social services. You have provided more adequate income support for older citizens of modest means by amending the Old Age Security Act. You have made better provision for those who served their nation in time of war by amending the Veterans Pensions and Allowances Act, the Civilian War Pensions Act, the War Veterans Allowance Act and the Pension Act. You have provided workers with better employment conditions by approving amendments to the Labour (Standards) Code and you have given working Canadians improved income protection by amending the Unemployment Insurance Act and the Merchant Seamen Compensation Act.

Aware of the increased protection required by the Canadian consumer, you enacted the Packaging and Labelling Act and amendments to the Weights and Measures Act.

Your respect for the principle of equality before the law and your desire to protect Canadians in their dealings with the law caused you to enact the Bail Reform Act.

To protect the cultural diversity of Canada and to encourage Canadians of all cultural inheritances to contribute of their values and traditions to our society, the Government established a policy of multiculturalism.

During this session you have addressed yourselves to the concerns of the agricultural community. You have considered the problems of the marketing of agricultural products and you have passed the Farm Products Marketing Agencies Act. Appreciative of the particular problems of prairie farmers, you have revised the Grain Act and you have amended the Prairie Grain Advance Payments Act. You have passed the Crop Insurance Act. Farmers have also benefited from the introduction of a two price system for wheat.

Your deep concern for the preservation of the environment for present and future generations of Canadians has led you to establish a Department of the Environment. To combat pollution you have amended the Canada Shipping Act. You have also passed the Clean Air Act and the Weather Modification Information Act. Recognizing that all nations must act in concert if the earth's vital resources and environment are to be preserved. Canada has continued its efforts to gain international agreement that will result in better protection of the interests of coastal states and in measures that will safeguard the quality of the environment.

In order that government respond more quickly and more sensitively to the needs and aspirations of Canadians in the seventies, you approved a measure establishing the Ministries of State. To enhance the quality of our urban life and to meet the new and immense challenges of technology, you have enacted measures which have resulted in the creation of Ministries of State for Urban Affairs and for Science and Technology.

As further evidence of your desire to adapt our legal and governmental institutions to the contemporary needs of our society, you have amended the Judges Act and the Senate and House of Commons Act and you have passed the Federal Court Act. You have approved the Statutory Instruments Act and to supervise its implementation you have established a Joint Committee on Statutory Instruments.

During this session, both Houses of Parliament have permitted their Committees to continue the important task of reviewing Government policy and administration.

A number of other significant initiatives and items of legislation were approved in this Third Session of the Twenty-eighth Parliament. The laws which you have enacted and the policies which you have undertaken are amongst the most important in our history. Though we have accomplished much, we have yet much to do. The pace of legislative reform and innovation must continue rapidly if we are to meet the challenges of the future. By applying ourselves to this task with energy and imagination, together we will make a lasting contribution to the strength, justness and prosperity of Canadian society.

Members of the House of Commons:

I thank you for the provision you have made for the public services in the previous and in the current fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue to bless our country.

The Honourable the Speaker of the Senate then said:

Honourable Members of the Senate:

Members of the House of Commons:

It is the will and pleasure of the Right Honourable the Deputy of His Excellency the Governor General that this Parliament be prorogued until ten-thirty o'clock in the forenoon tomorrow, Thursday, the 17th day of February, 1972, to be here holden; and this Parliament is accordingly prorogued until ten-thirty o'clock in the forenoon tomorrow. Thursday, the 17th day of February, 1972.

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Abbreviations

1r, 2r, 3r	=	First, second, third reading
amdts	=	amendments
com	=	committee
div	=	division
m	=	motion
neg	=	negatived
ref	=	referred
rep	=	report
r.a.	=	royal assent

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